



AGENDA

CHARTER TOWNSHIP OF
MERIDIAN
TOWNSHIP BOARD
SPECIAL MEETING
September 8, 2015
4:30 P.M.



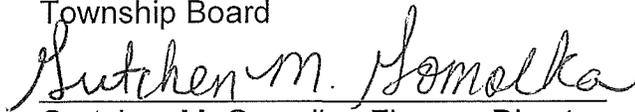
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1. CALL MEETING TO ORDER
 2. PLEDGE OF ALLEGIANCE
 3. ROLL CALL
 4. PUBLIC REMARKS*
 5. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS) OF MICHIGAN PRESENTATION ON MERIDIAN TOWNSHIP LEGACY COSTS - MARNE CARLSON
 6. PUBLIC REMARKS*
 7. ADJOURNMENT

***PUBLIC REMARKS (Any topic - 3 minutes per person)**

*Individuals with disabilities requiring auxiliary aids or services should contact the Meridian Township Board by writing or calling the following:
Township Manager Frank L. Walsh, 5151 Marsh Road, Okemos, MI 48864-1198 (517-853-4258) – Ten Day Notice is Required.*

Meridian Charter Township: 5151 Marsh Road, Okemos, MI 48864-1198, (517) 853-4000 Township Hall Room; www.meridian.mi.us

Meridian Township exists to create a sustainable community through the most effective use of available resources that achieve the highest quality of life.

MEMORANDUM**TO:** Township Board**FROM:**
Gretchen M. Gomolka, Finance Director**DATE:** September 3, 2015**RE: Municipal Employees' Retirement System of Michigan Presentation on
Meridian Township Legacy Costs - Marne Carlson**

Marne Carlson, Regional Manager with the Municipal Employees' Retirement System of Michigan will be on hand to discuss the December 31, 2014 actuarial valuation report and its financial impact on the Township.



MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
ANNUAL ACTUARIAL VALUATION REPORT DECEMBER 31, 2014
MERIDIAN CHTR TWP (3315)



Spring, 2015

Meridian Chtr Twp

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 as of December 31, 2014. The report includes the determination of liabilities and contribution rates resulting from the participation of Meridian Chtr Twp (3315) in the Municipal Employees' Retirement System of Michigan ("MERS"). MERS is a nonprofit organization, independent from the State, that has provided retirement plans for municipal employees for more than 65 years. Meridian Chtr Twp is responsible for the employer contributions needed to provide MERS benefits for its employees and former employees under the Michigan Constitution and the MERS Plan Document.

The purpose of the December 31, 2014 annual actuarial valuation is to:

- Measure funding progress
- Establish contribution requirements for the fiscal year beginning January 1, 2016
- Provide actuarial information in connection with applicable Governmental Accounting Standards Board (GASB) statements

This valuation report should not be relied upon for any other purpose. Reliance on information contained in this report by anyone for anything other than the intended purpose could be misleading.

The valuation uses financial data, plan provision data, and participant data as of December 31, 2014 furnished by MERS. In accordance with Actuarial Standards of Practice No. 23, the data was checked for internal and year to year consistency as well as general reasonableness, but was not otherwise audited. CBIZ Retirement Plan Services does not assume responsibility for the accuracy or completeness of the data used in this valuation.

The actuarial assumptions and methods are adopted by the MERS Retirement Board, and are reviewed every five years in an Experience Study, which will be completed in 2015. Please refer to the division-specific assumptions described in table(s) in this report, and to the Appendix on the MERS website at:

www.mersofmich.com/Portals/0/Assets/Resources/AAV-Appendix/MERS-2014AnnualActuarialValuation-Appendix.pdf.



The actuarial assumptions used for this valuation produce results that we believe are reasonable.

To the best of our knowledge, this report is complete and accurate, was prepared in conformity with generally recognized actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and is in compliance with Act No. 220 of the Public Acts of 1996, as amended, and the MERS Plan Document as revised. All of the undersigned are members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. 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 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). CBIZ Retirement Plan Services is not responsible for the consequences of any unauthorized use.

You should notify MERS if you disagree with anything contained in the report or are aware of any information that would affect the results of the report that have not been communicated to us. 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,

Alan Sonnanstine, MAAA, ASA
Cathy Nagy, MAAA, FSA
Jim Koss, MAAA, ASA

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Executive Summary

Funded Ratio and Required Employer Contributions

The MERS Defined Benefit Plan is an agent multiple-employer plan, meaning that assets are pooled for investment purposes but separate trusts are maintained for each individual employer. Each municipality is responsible for their own plan liabilities; MERS does not borrow from one municipality's account to pay for another.

The funded ratio of a plan is the percentage of the dollar value of the accrued benefits that is covered by the actuarial value of assets.

Your Funded Ratio:

	12/31/2014	12/31/2013
Funded Ratio	59%	60%

Michigan Law requires that pension plans be pre-funded, meaning money is set aside now to pay for future benefits. Pension plans are usually funded by employer and employee contributions, and investment income.

How quickly a plan attains the 100% funding goal depends on many factors such as:

- The current funded ratio
- The future experience of the plan
- The amortization period

It is more important to look at the trend in the funded ratio over a period of time than at a particular point in time.

Your Required Employer Contributions:

Your minimum required employer contributions are shown in the following table. Employee contributions, if any, are in addition to the required employer contributions.

Valuation Date:	Percentage of Payroll		Monthly \$ Based on Valuation Payroll	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Fiscal Year Beginning:	January 1, 2016	January 1, 2015	January 1, 2016	January 1, 2015
Division				
01 - AFSCME	12.08%	11.06%	\$ 9,361	\$ 8,719
02 - Plc POAM	20.72%	19.10%	27,406	28,233
05 - Firefighters IAFF	49.38%	44.85%	84,831	79,358
10 - Clerical	17.51%	16.56%	10,202	10,626
11 - Teamsters	58.89%	58.76%	6,698	6,626
20 - Police Cmnd	49.49%	45.30%	28,284	26,263
Municipality Total			\$ 166,782	\$ 159,825

Employee contribution rates reflected in the valuations are shown below:

Valuation Date:	Employee Contribution Rate	
	12/31/2014	12/31/2013
Division		
01 - AFSCME	2.30%	2.30%
02 - Plc POAM	8.29%	8.29%
05 - Firefighters IAFF	7.76%	7.76%
10 - Clerical	3.90%	3.90%
11 - Teamsters	2.00%	2.00%
20 - Police Cmnd	11.24%	11.24%

For employee contribution rates that are not flat percentages, the rate shown is a weighted average flat employee contribution rate.

You may contribute more than the minimum required contributions, as these additional contributions will earn investment income, and later you may have to contribute less than otherwise. **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 entire employer would be \$ 276,678, instead of \$ 166,782.
- To accelerate to a 100% funding ratio in 20 years, estimated monthly employer contributions for the entire employer would be \$ 182,141, instead of \$ 166,782.

If you are interested in making additional contributions, please contact MERS and they can assist you with evaluating your options.

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

Actuarial valuations do not affect the ultimate cost of the plan; the benefit payments (current and future) determine the cost of the plan. Actuarial valuations only affect the timing of the contributions into the plan. Because assumptions are for the long term, plan experience will not match the actuarial assumptions in any given year (except by coincidence). Each annual actuarial valuation will adjust the required employer contributions up or down based on the prior year's actual experience.

Comments on the Investment Markets

At this time, MERS maintains the 8% annual return assumption on investments in the belief that over the long-term this is achievable. For example, MERS' 30 year return was 9.17% on December 31, 2014. The MERS portfolio returned 6.49% in 2014; the two year (10.54%), three year (10.73%), four year (8.48%), and five year (9.59%) returns all exceed the 8% annual return assumption. When comparing these actual returns to the 8% net return assumption, deduct roughly .25% from these actual returns to reflect administrative expenses. It has now been seven years since the peak of the financial crisis and the stock market decline still weighs down MERS' medium term returns. This was a one in fifty year event comparable only to the Stock Market Crash of 1929 during the Great Depression. The stock market and economy have stabilized since 2008 and are on the long road to recovery. MERS regularly monitors the investment return assumption to make sure it is reasonable compared to long term expectations.

The actuarial value of assets, used to determine both your funded ratio and your required employer contribution, is based on a 10-year smoothed value of assets. Only a portion (seven-tenths, for 2008 through 2014) of the 2008 investment market losses was recognized in this actuarial valuation report. This reduces the volatility of the valuation results, which affects your required employer contribution and funded ratio. The smoothed actuarial rate of return for 2014 was 5.90%.

As of December 31, 2014 the actuarial value of assets is 106% of market value. This means that meeting the actuarial assumption in the next few years will require average annual market returns that exceed the 8% investment return assumption.

If the December 31, 2014 valuation results were based on market value on that date instead of 10-year smoothed funding value: i) the funded percent of your entire municipality would be 56% (instead of 59%); and ii) your total employer contribution requirement for the fiscal year starting January 1, 2016 would be \$ 2,121,744 (instead of \$ 2,001,384).

The asset smoothing method is a powerful tool for reducing the volatility of your required employer contributions. **However, if the current 6% difference between the smoothed value and the market value of assets is not made up, the result would be gradual increases in your employer contribution requirement over the next few years (to around the levels described above).**

Risk Characteristics of Defined Benefit Plans

It is important to understand that retirement plans, by their nature, are exposed to certain risks. While risks cannot be eliminated entirely, they can be mitigated through various strategies. Below are a few examples of risk (this is not an all-inclusive list):

- Economic - investment return, wage inflation, etc.
- Demographic - longevity, disability, retirement, etc.
- Plan Sponsor and Employees - contribution volatility, attract/retain employees, etc.

The MERS Retirement Board adopts certain assumptions and methods to mitigate the economic and demographic risks, and the contribution volatility risks. For example, the investment risk is the largest economic risk and is mitigated by having a balanced portfolio and a clearly defined investment strategy. Demographic risks vary based on the age of the workforce and are mitigated by preparing special studies called experience studies on a regular basis to determine if the assumptions used are reasonable compared to the experience. Risk may be mitigated through a plan design that provides benefits that are sustainable in the long run. An Experience Study is completed every five years to review the assumptions and methods. The next Experience Study will be completed in 2015.

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.

The analysis in this section is intended to review the potential volatility of the actuarial valuation results. 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.

Many assumptions are important in determining the required employer contributions.

For example:

- Lower investment returns would result in higher required employer contributions, and vice-versa.
- Smaller than projected pay increases would lower required employer contributions.
- Reductions in the number of active employees would lower required contribution dollars, but would usually increase the contribution rate expressed as a percentage of (the now lower) payroll.
- Retirements at earlier ages than projected would usually increase required employer contributions.
- More non-vested terminations of employment than projected would decrease required contributions.
- More disabilities or survivor (death) benefits than projected would increase required contributions.
- Longer lifetimes after retirement than projected would increase required employer contributions.

In the table below, we show the impact of varying one actuarial assumption: the future annual rate of investment return. Lower investment returns would result in higher required employer contributions, and vice-versa.

The relative impact of each investment return 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, 2014 valuation, and are for the municipality in total, not by division.

	Assumed Future Annual Smoothed Rate of Investment Return			
	Lower Future Annual Returns		Valuation Assumption	Higher Returns
	6%	7%	8%	9%
12/31/2014 Valuation Results				
Accrued Liability	\$ 72,929,690	\$ 64,096,309	\$ 56,783,968	\$ 50,702,586
Valuation Assets	\$ 33,589,515	\$ 33,589,515	\$ 33,589,515	\$ 33,589,515
Unfunded Accrued Liability	\$ 39,340,175	\$ 30,506,794	\$ 23,194,453	\$ 17,113,071
Funded Ratio	46%	52%	59%	66%
Monthly Normal Cost	\$ 103,163	\$ 73,146	\$ 50,715	\$ 33,747
Monthly Amortization Payment	\$ 163,816	\$ 140,007	\$ 116,067	\$ 91,875
Total Employer Contribution¹	\$ 266,979	\$ 213,153	\$ 166,782	\$ 125,622

¹ If assets exceed accrued liabilities for a division, the division's amortization payment is negative and is used 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.

Five Year Projection Scenarios

The following table illustrates the plan's projected liabilities and required employer contributions for the next five fiscal years, under three actuarial assumptions and future economic scenarios. All three scenarios take into account the 2008 financial losses that will continue to affect the smoothed rate of return for the next three years.

Valuation Year Ending 12/31	Fiscal Year Beginning 1/1	Actuarial Accrued Liability	Valuation Assets	Funded Percentage	Required Annual Employer Contribution ¹
8% Assumed Interest Discount Rate and Future Annual Market Rate of Return					
2014	2016	\$ 56,783,968	\$ 33,589,515	59%	\$ 2,102,664
2015	2017	59,360,000	34,999,000	59%	2,237,000
2016	2018	62,130,000	36,624,600	59%	2,389,700
2017	2019	64,860,000	38,146,600	59%	2,565,700
2018	2020	67,870,000	40,883,400	60%	2,660,000
7% Assumed Interest Discount Rate and Future Annual Market Rate of Return					
2014	2016	\$ 64,096,309	\$ 33,589,515	52%	\$ 2,687,268
2015	2017	66,840,000	34,989,000	52%	2,821,900
2016	2018	69,830,000	37,167,000	53%	2,975,500
2017	2019	72,890,000	39,343,000	54%	3,145,300
2018	2020	76,120,000	42,620,000	56%	3,261,900
6% Assumed Interest Discount Rate and Future Annual Market Rate of Return					
2014	2016	\$ 72,929,690	\$ 33,589,515	46%	\$ 3,365,868
2015	2017	76,000,000	34,968,000	46%	3,518,600
2016	2018	79,230,000	37,871,000	48%	3,677,100
2017	2019	82,620,000	40,770,000	49%	3,850,000
2018	2020	86,090,000	44,720,000	52%	3,975,700

¹ For an employer with any open divisions, this column will include the impact of projected increases in total payroll from 2014 to the applicable fiscal year. This will cause the projected contribution for the fiscal year beginning in 2016 to be higher than the Estimated Annual Contribution shown in Table 1.

The first scenario provides an estimate of required employer contributions based on current actuarial assumptions, and a projected 8% market return. The other scenarios may be useful if the municipality chooses to budget more conservatively, and make contributions in addition to the minimum requirements. The 7% and 6% projections provide an indication of the potential required employer contribution if MERS were to realize investment returns of 7% and 6% over the long-term.

Employer Contribution Details For the Fiscal Year Beginning January 1, 2016

Table 1

Division	Amort. Period for Unfund. Liab. ^{4,5}	Employer Contributions ¹			Blended Employer Contribut. ⁷	Employee Contribution Rate ⁶	Employee Contribut. Conversion Factor ²
		Normal Cost	Unfunded Accrued Liability	Total Required Employer Contribut.			
Percentage of Payroll							
01 - AFSCME	24	9.14%	2.94%	12.08%		2.30%	0.92%
02 - Plc POAM	24	10.94%	9.78%	20.72%		8.29%	0.77%
05 - Firefighters IAFF	24	10.54%	38.84%	49.38%		7.76%	0.76%
10 - Clerical	24	8.52%	8.99%	17.51%		3.90%	0.83%
11 - Teamsters	24	8.08%	50.81%	58.89%		2.00%	0.85%
20 - Police Cmnd	24	9.05%	40.44%	49.49%		11.24%	0.71%
Estimated Monthly Contribution³							
01 - AFSCME	24	\$ 7,083	\$ 2,278	\$ 9,361			
02 - Plc POAM	24	14,470	12,936	27,406			
05 - Firefighters IAFF	24	18,107	66,724	84,831			
10 - Clerical	24	4,964	5,238	10,202			
11 - Teamsters	24	919	5,779	6,698			
20 - Police Cmnd	24	5,172	23,112	28,284			
Total Municipality		\$ 50,715	\$ 116,067	\$ 166,782			
Estimated Annual Contribution³							
		\$ 608,580	\$ 1,392,804	\$ 2,001,384			

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

² 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.

³ For divisions that are open to new hires, estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher). For divisions that will have no new hires, 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](#).

⁴ If projected assets exceed projected liabilities as of the beginning of the January 1, 2016 fiscal year, the negative unfunded accrued liability is amortized (spread) over 10 years. This amortization is used to reduce the employer contribution rate. 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.

⁵ If the division is closed to new hires, with new hires not covered by MERS Defined Benefit Plan or Hybrid Plan provisions, the amortization period will decrease as follows: Under Amortization Option A, the period will decrease by 2 years each valuation year, until it reaches 6 or 5 years. Then it decreases by 1 year each valuation year until the UAL is paid off. Under Amortization Option B, the period will decrease by 2 years each valuation year, until it reaches 16 or 15 years. Thereafter, the period will reduce by 1 year each valuation year, until the UAL is paid off. This will result in amortization payments that increase faster than the usual 4.5% each year. If the division is closed to new hires, with new hires (and transfers) covered by MERS Defined Benefit Plan or Hybrid Plan provisions, the standard open division amortization period will apply.

⁶ For employee contribution rates that are not flat percentages, the rate shown is a weighted average flat employee contribution rate.

⁷ For linked divisions, the employer will be invoiced the Total Required Employer Contribution 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 800-767-2308.

Please see the Comments on the Investment Markets.

Benefit Provisions

Table 2

01 - AFSCME: Open Division

	2014 Valuation	2013 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	55/20	55/20
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	2.30%	2.30%
Act 88:	Yes (Adopted 7/10/2001)	Yes (Adopted 7/10/2001)

02 - Plc POAM: Open Division

	2014 Valuation	2013 Valuation
Benefit Multiplier:	2.75% Multiplier (80% max)	2.75% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	50/25	50/25
Early Retirement (Reduced):	55/15	55/15
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions:	8.29%	8.29%
D-2:	D-2 (25%)	D-2 (25%)
Act 88:	Yes (Adopted 7/10/2001)	Yes (Adopted 7/10/2001)

05 - Firefighters IAFF: Open Division

	2014 Valuation	2013 Valuation
Benefit Multiplier:	2.75% Multiplier (80% max)	2.75% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	50/25	50/25
Early Retirement (Reduced):	55/15	55/15
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions:	7.76%	7.76%
D-2:	D-2 (25%)	D-2 (25%)
Act 88:	Yes (Adopted 7/10/2001)	Yes (Adopted 7/10/2001)

Table 2 (continued)

10 - Clerical: Open Division

	2014 Valuation	2013 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	3.90%	3.90%
Act 88:	Yes (Adopted 7/10/2001)	Yes (Adopted 7/10/2001)

11 - Teamsters: Open Division

	2014 Valuation	2013 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)	2.00% Multiplier (no max)
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	55/20	55/20
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	2%	2%
Act 88:	Yes (Adopted 7/10/2001)	Yes (Adopted 7/10/2001)

20 - Police Cmnd: Open Division

	2014 Valuation	2013 Valuation
Benefit Multiplier:	2.75% Multiplier (80% max)	2.75% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	50/25	50/25
Early Retirement (Reduced):	55/15	55/15
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions:	11.24%	11.24%
D-2:	D-2 (25%)	D-2 (25%)
Act 88:	Yes (Adopted 7/10/2001)	Yes (Adopted 7/10/2001)

Participant Summary

Table 3

Division	2014 Valuation		2013 Valuation		2014 Valuation		
	Number	Annual Payroll ¹	Number	Annual Payroll ¹	Average Age	Average Benefit Service ²	Average Eligibility Service ²
01 - AFSCME							
Active Employees	20	\$ 929,958	20	\$ 946,020	47.2	12.7	12.9
Vested Former Employees	3	18,596	4	22,817	56.5	9.8	9.8
Retirees and Beneficiaries	12	224,064	9	155,873	65.2		
02 - Plc POAM							
Active Employees	25	\$ 1,587,254	28	\$ 1,773,779	39.4	11.7	13.1
Vested Former Employees	7	73,567	6	47,799	44.0	7.3	13.4
Retirees and Beneficiaries	11	413,190	10	361,130	55.9		
05 - Firefighters IAFF							
Active Employees	32	\$ 2,061,494	32	\$ 2,123,299	40.5	13.1	13.2
Vested Former Employees	2	60,599	2	60,599	51.7	16.3	16.3
Retirees and Beneficiaries	26	1,273,340	21	1,082,245	59.8		
10 - Clerical							
Active Employees	17	\$ 699,196	19	\$ 770,061	48.8	13.4	14.4
Vested Former Employees	9	57,994	8	45,209	47.7	8.9	14.9
Retirees and Beneficiaries	10	202,165	9	182,191	67.7		
11 - Teamsters							
Active Employees	2	\$ 136,484	2	\$ 135,314	59.9	27.1	27.1
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	5	101,802	5	101,802	70.3		
20 - Police Cmnd							
Active Employees	9	\$ 685,804	9	\$ 695,724	43.9	18.8	19.7
Vested Former Employees	1	30,450	1	30,450	59.5	20.3	20.3
Retirees and Beneficiaries	8	455,831	7	381,083	59.9		
Total Municipality							
Active Employees	105	\$ 6,100,190	110	\$ 6,444,197	43.5	13.5	14.1
Vested Former Employees	22	241,206	21	206,874	48.6	9.7	14.1
Retirees and Beneficiaries	72	2,670,392	61	2,264,324	61.9		
Total Participants	199		192				

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

² Description can be found under Miscellaneous and Technical Assumptions in the [Appendix](#).

Reported Assets (Market Value)

Table 4

Division	2014 Valuation		2013 Valuation	
	Employer and Retiree ¹	Employee ²	Employer and Retiree ¹	Employee ²
01 - AFSCME	\$ 3,722,765	\$ 187,803	\$ 3,545,772	\$ 188,047
02 - Plc POAM	6,895,965	1,474,279	6,436,106	1,437,323
05 - Firefighters IAFF	9,145,653	1,710,797	8,568,279	1,670,219
10 - Clerical	2,471,145	260,923	2,365,133	223,007
11 - Teamsters	383,726	33,743	380,535	30,945
20 - Police Cmnd	4,437,079	966,227	4,087,555	973,067
Municipality Total	\$ 27,056,333	\$ 4,633,772	\$ 25,383,380	\$ 4,522,608
Combined Reserves	\$ 31,690,105		\$ 29,905,988	

¹ Reserve for Employer Contributions and Benefit Payments

² Reserve for Employee Contributions

The December 31, 2014 valuation assets are equal to 1.059937 times the reported market value of assets (compared to 1.061840 as of December 31, 2013). The derivation of valuation assets is described, and detailed calculations of valuation assets are shown, in the Appendix.

Flow of Valuation Assets

Table 5

Year Ended 12/31	Employer Contributions		Employee Contributions	Investment Income	Benefit Payments	Employee Contribution Refunds	Net Transfers	Valuation Asset Balance
	Required	Additional						
2004	\$ 1,091,996		\$ 322,111	\$ 990,306	\$ (628,355)	\$ (2,288)	\$ 0	\$ 15,095,171
2005	1,113,402		341,332	1,023,282	(821,078)	(14,750)	16,459	16,753,818
2006	1,293,473		463,686	1,385,132	(948,381)	(1,857)	20,749	18,966,620
2007	1,385,814		489,937	1,544,121	(1,093,021)	(1,831)	69,288	21,360,928
2008	1,450,200		501,174	1,138,015	(1,206,537)	(16,764)	17,703	23,244,719
2009	1,506,924		515,452	1,458,907	(1,394,003)	(1,362)	0	25,330,637
2010	1,587,121		463,721	1,569,522	(1,730,326)	(27,856)	0	27,192,819
2011	1,443,888	\$ 0	447,636	1,497,200	(1,930,596)	(15,477)	0	28,635,470
2012	1,502,982	0	440,059	1,394,558	(2,073,753)	0	0	29,899,316
2013	1,727,389	0	446,814	1,873,685	(2,184,485)	(7,344)	0	31,755,375
2014	1,863,475	0	445,419	1,878,815	(2,457,430)	(3,012)	106,873	33,589,515

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.

In the actuarial valuation additional employer contributions are combined with required contributions and used to reduce computed future required employer contributions.

Actuarial Accrued Liabilities and Valuation Assets As of December 31, 2014

Table 6

Division	Actuarial Accrued Liability	Valuation Assets ¹	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
01 - AFSCME				
Active Employees	\$ 2,061,187	\$ 1,611,814	78.2%	\$ 449,373
Vested Former Employees	141,991	141,991	100.0%	0
Retirees And Beneficiaries	2,386,476	2,386,476	100.0%	0
Pending Refunds	<u>4,675</u>	<u>4,675</u>	100.0%	<u>0</u>
Total	\$ 4,594,329	\$ 4,144,956	90.2%	\$ 449,373
02 - Plc POAM				
Active Employees	\$ 5,341,716	\$ 2,764,355	51.8%	\$ 2,577,361
Vested Former Employees	257,285	257,285	100.0%	0
Retirees And Beneficiaries	5,736,111	5,736,111	100.0%	0
Pending Refunds	<u>114,180</u>	<u>114,180</u>	100.0%	<u>0</u>
Total	\$ 11,449,292	\$ 8,871,931	77.5%	\$ 2,577,361
05 - Firefighters IAFF				
Active Employees	\$ 8,075,661	\$ 1,637,390	20.3%	\$ 6,438,271
Vested Former Employees	389,771	63,167	16.2%	326,604
Retirees And Beneficiaries	16,365,885	9,796,356	59.9%	6,569,529
Pending Refunds	<u>10,240</u>	<u>10,240</u>	100.0%	<u>0</u>
Total	\$ 24,841,557	\$ 11,507,153	46.3%	\$ 13,334,404
10 - Clerical				
Active Employees	\$ 1,852,052	\$ 803,969	43.4%	\$ 1,048,083
Vested Former Employees	221,669	221,669	100.0%	0
Retirees And Beneficiaries	1,860,551	1,860,551	100.0%	0
Pending Refunds	<u>9,631</u>	<u>9,631</u>	100.0%	<u>0</u>
Total	\$ 3,943,903	\$ 2,895,820	73.4%	\$ 1,048,083
11 - Teamsters				
Active Employees	\$ 646,272	\$ 33,743	5.2%	\$ 612,529
Vested Former Employees	0	0	0.0%	0
Retirees And Beneficiaries	958,961	408,748	42.6%	550,213
Pending Refunds	<u>0</u>	<u>0</u>	0.0%	<u>0</u>
Total	\$ 1,605,233	\$ 442,491	27.6%	\$ 1,162,742
20 - Police Cmnd				
Active Employees	\$ 4,020,814	\$ 948,315	23.6%	\$ 3,072,499
Vested Former Employees	368,484	17,911	4.9%	350,573
Retirees And Beneficiaries	5,960,356	4,760,938	79.9%	1,199,418
Pending Refunds	<u>0</u>	<u>0</u>	0.0%	<u>0</u>
Total	\$ 10,349,654	\$ 5,727,164	55.3%	\$ 4,622,490

Table 6 (continued)

Division	Actuarial Accrued Liability	Valuation Assets ¹	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
Total Municipality				
Active Employees	\$ 21,997,702	\$ 7,799,586	35.5%	\$ 14,198,116
Vested Former Employees	1,379,200	702,023	50.9%	677,177
Retirees and Beneficiaries	33,268,340	24,949,180	75.0%	8,319,160
Pending Refunds	<u>138,726</u>	<u>138,726</u>	100.0%	<u>0</u>
Total Participants	\$ 56,783,968	\$ 33,589,515	59.2%	\$ 23,194,453

¹ Includes both employer and employee assets.

Please see the Comments on the Investment Markets.

See the MERS Fiscal Responsibility Policy on the MERS website at:

http://www.mersofmich.com/Portals/0/Assets/PageResources/MERS/PlanDocument/Pension/sec_43c.pdf.

Actuarial Accrued Liabilities - Comparative Schedule

Table 7

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2000	\$ 17,854,838	\$ 8,816,349	49%	\$ 9,038,489
2001	19,530,981	10,371,873	53%	9,159,108
2002	21,773,929	11,553,892	53%	10,220,037
2003	25,405,098	13,321,401	52%	12,083,697
2004	29,239,691	15,095,171	52%	14,144,520
2005	32,944,186	16,753,818	51%	16,190,368
2006	35,846,996	18,966,620	53%	16,880,376
2007	38,924,237	21,360,928	55%	17,563,309
2008	42,180,888	23,244,719	55%	18,936,169
2009	43,641,255	25,330,637	58%	18,310,618
2010	45,576,292	27,192,819	60%	18,383,473
2011	48,645,859	28,635,470	59%	20,010,389
2012	50,274,592	29,899,316	60%	20,375,276
2013	53,345,909	31,755,375	60%	21,590,534
2014	56,783,968	33,589,515	59%	23,194,453

Notes: Actuarial assumptions were revised for the 2000, 2004, 2008, 2009, 2010, 2011, and 2012 actuarial valuations.

Division 01 - AFSCME

Table 8-01: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2004	\$ 2,304,105	\$ 2,193,100	95%	\$ 111,005
2005	2,755,669	2,432,173	88%	323,496
2006	2,941,314	2,697,818	92%	243,496
2007	3,308,203	2,988,480	90%	319,723
2008	3,700,981	3,126,906	84%	574,075
2009	3,879,049	3,266,522	84%	612,527
2010	4,005,919	3,442,780	86%	563,139
2011	4,234,114	3,605,216	85%	628,898
2012	4,028,810	3,732,886	93%	295,924
2013	4,289,392	3,964,718	92%	324,674
2014	4,594,329	4,144,956	90%	449,373

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

Table 9-01: Required Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Required Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2004	23	\$ 857,679	9.04%	0.00%
2005	23	854,987	9.27%	2.30%
2006	24	927,216	8.72%	2.30%
2007	24	959,423	9.34%	2.30%
2008	22	946,132	11.80%	2.30%
2009	22	1,007,657	11.82%	2.30%
2010	21	950,103	11.70%	2.30%
2011	19	881,149	12.86%	2.30%
2012	19	856,300	10.97%	2.30%
2013	20	946,020	11.06%	2.30%
2014	20	929,958	12.08%	2.30%

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

² For employee contribution rates that are not flat percentages, the rate shown is a weighted average flat employee contribution rate. For each valuation year, the required employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the required employer contribution will be adjusted.

Division 02 - Plc POAM

Table 8-02: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2004	\$ 4,801,911	\$ 2,935,404	61%	\$ 1,866,507
2005	5,816,665	3,345,108	58%	2,471,557
2006	6,447,361	3,839,744	60%	2,607,617
2007	7,124,288	4,454,469	63%	2,669,819
2008	7,792,075	5,053,259	65%	2,738,816
2009	8,015,481	5,848,382	73%	2,167,099
2010	8,103,472	6,513,330	80%	1,590,142
2011	9,045,395	7,155,998	79%	1,889,397
2012	9,936,249	7,733,715	78%	2,202,534
2013	10,905,480	8,360,322	77%	2,545,158
2014	11,449,292	8,871,931	78%	2,577,361

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

Table 9-02: Required Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Required Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2004	30	\$ 1,728,111	13.04%	4.50%
2005	33	1,798,794	13.63%	8.79%
2006	33	1,845,659	13.92%	8.79%
2007	31	1,828,311	14.78%	8.29%
2008	33	1,960,107	17.20%	8.29%
2009	32	2,054,030	14.82%	8.29%
2010	29	1,806,921	14.01%	8.29%
2011	28	1,754,080	16.25%	8.29%
2012	27	1,723,624	17.93%	8.29%
2013	28	1,773,779	19.10%	8.29%
2014	25	1,587,254	20.72%	8.29%

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

² For employee contribution rates that are not flat percentages, the rate shown is a weighted average flat employee contribution rate. For each valuation year, the required employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the required employer contribution will be adjusted.

Division 05 - Firefighters IAFF

Table 8-05: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2004	\$ 13,799,085	\$ 5,611,445	41%	\$ 8,187,640
2005	15,023,530	6,187,978	41%	8,835,552
2006	16,066,257	6,944,833	43%	9,121,424
2007	17,262,341	7,740,255	45%	9,522,086
2008	18,666,323	8,365,960	45%	10,300,363
2009	19,137,933	9,053,047	47%	10,084,886
2010	20,287,429	9,632,575	47%	10,654,854
2011	21,458,833	9,979,003	47%	11,479,830
2012	21,924,381	10,296,036	47%	11,628,345
2013	23,137,298	10,871,647	47%	12,265,651
2014	24,841,557	11,507,153	46%	13,334,404

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

Table 9-05: Required Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Required Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2004	39	\$ 2,060,905	27.75%	7.76%
2005	39	2,193,159	27.86%	7.76%
2006	39	2,238,308	28.53%	7.76%
2007	39	2,321,595	29.10%	7.76%
2008	38	2,322,212	33.44%	7.76%
2009	38	2,434,749	31.21%	7.76%
2010	33	2,183,250	35.34%	7.76%
2011	32	2,115,390	39.70%	7.76%
2012	32	2,070,575	43.48%	7.76%
2013	32	2,123,299	44.85%	7.76%
2014	32	2,061,494	49.38%	7.76%

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

² For employee contribution rates that are not flat percentages, the rate shown is a weighted average flat employee contribution rate. For each valuation year, the required employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the required employer contribution will be adjusted.

Division 10 - Clerical

Table 8-10: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2004	\$ 1,765,166	\$ 1,115,861	63%	\$ 649,305
2005	1,970,576	1,319,211	67%	651,365
2006	2,264,723	1,576,319	70%	688,404
2007	2,666,756	1,828,488	69%	838,268
2008	2,937,447	2,058,781	70%	878,666
2009	3,089,490	2,286,939	74%	802,551
2010	3,277,716	2,449,430	75%	828,286
2011	3,520,950	2,556,521	73%	964,429
2012	3,642,837	2,618,706	72%	1,024,131
2013	3,803,228	2,748,191	72%	1,055,037
2014	3,943,903	2,895,820	73%	1,048,083

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

Table 9-10: Required Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Required Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2004	22	\$ 755,511	12.89%	1.50%
2005	25	860,146	12.10%	1.50%
2006	24	886,025	12.31%	1.50%
2007	25	931,023	12.08%	3.90%
2008	22	880,757	13.28%	3.90%
2009	22	895,714	12.83%	3.90%
2010	18	723,841	14.20%	3.90%
2011	18	704,419	15.99%	3.90%
2012	18	696,170	17.13%	3.90%
2013	19	770,061	16.56%	3.90%
2014	17	699,196	17.51%	3.90%

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

² For employee contribution rates that are not flat percentages, the rate shown is a weighted average flat employee contribution rate. For each valuation year, the required employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the required employer contribution will be adjusted.

Division 11 - Teamsters

Table 8-11: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2004	\$ 1,650,201	\$ 581,207	35%	\$ 1,068,994
2005	1,627,234	560,508	34%	1,066,726
2006	1,649,829	540,523	33%	1,109,306
2007	1,678,705	538,980	32%	1,139,725
2008	1,669,879	517,738	31%	1,152,141
2009	1,701,009	488,720	29%	1,212,289
2010	1,597,765	462,443	29%	1,135,322
2011	1,580,710	451,619	29%	1,129,091
2012	1,584,636	439,610	28%	1,145,026
2013	1,593,999	436,926	27%	1,157,073
2014	1,605,233	442,491	28%	1,162,742

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

Table 9-11: Required Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Required Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2004	3	\$ 156,761	40.55%	2.00%
2005	2	119,070	51.75%	2.00%
2006	2	122,757	52.54%	2.00%
2007	2	129,447	52.29%	2.00%
2008	2	131,960	53.18%	2.00%
2009	2	137,611	53.68%	2.00%
2010	2	129,971	53.28%	2.00%
2011	2	131,835	53.91%	2.00%
2012	2	132,347	58.92%	2.00%
2013	2	135,314	58.76%	2.00%
2014	2	136,484	58.89%	2.00%

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

² For employee contribution rates that are not flat percentages, the rate shown is a weighted average flat employee contribution rate. For each valuation year, the required employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the required employer contribution will be adjusted.

Division 20 - Police Cmnd

Table 8-20: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2004	\$ 4,919,223	\$ 2,658,154	54%	\$ 2,261,069
2005	5,750,512	2,908,840	51%	2,841,672
2006	6,477,512	3,367,383	52%	3,110,129
2007	6,883,944	3,810,256	55%	3,073,688
2008	7,414,183	4,122,075	56%	3,292,108
2009	7,818,293	4,387,027	56%	3,431,266
2010	8,303,991	4,692,261	57%	3,611,730
2011	8,805,857	4,887,113	56%	3,918,744
2012	9,157,679	5,078,363	56%	4,079,316
2013	9,616,512	5,373,571	56%	4,242,941
2014	10,349,654	5,727,164	55%	4,622,490

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

Table 9-20: Required Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Required Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2004	10	\$ 689,518	23.99%	6.00%
2005	10	705,634	25.44%	11.24%
2006	11	783,516	25.47%	11.24%
2007	11	802,787	25.21%	11.24%
2008	10	742,790	31.55%	11.24%
2009	9	705,851	33.42%	11.24%
2010	9	675,028	35.90%	11.24%
2011	9	681,394	39.51%	11.24%
2012	9	687,414	43.46%	11.24%
2013	9	695,724	45.30%	11.24%
2014	9	685,804	49.49%	11.24%

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

² For employee contribution rates that are not flat percentages, the rate shown is a weighted average flat employee contribution rate. For each valuation year, the required employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the required employer contribution will be adjusted.

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 www.mersofmich.com.

Actuarial Valuation Date:	12/31/2014
Measurement Date of Total Pension Liability (TPL):	12/31/2014

At 12/31/2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	72
Inactive employees entitled to but not yet receiving benefits:	22
Active employees:	<u>105</u>
	199

Covered employee payroll: (Needed for Required Supplementary Information)	\$	6,100,190
Total Pension Liability as of 12/31/2013 measurement date:	\$	52,385,214
Total Pension Liability as of 12/31/2014 measurement date:	\$	55,157,362
Service Cost for the year ending on the 12/31/2014 measurement date:	\$	972,200

Change in the Total Pension Liability due to:

- Benefit changes ¹ :	\$	0
- Differences between expected and actual experience ² :	\$	0
- Changes in assumptions ² :	\$	0

Average expected remaining service lives of all employees (active and inactive): 5

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

² 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.

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Change in Net Pension Liability as of 12/31/2014:	\$ 6,981,479	-	\$ (5,811,458)

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.

Actuarial Valuation Date:	12/31/2014
Measurement Date of Total Pension Liability (TPL):	12/31/2015

At 12/31/2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	72
Inactive employees entitled to but not yet receiving benefits:	22
Active employees:	<u>105</u>
	199

Covered employee payroll: (Needed for Required Supplementary Information)	\$	6,100,190
Total Pension Liability as of 12/31/2014 measurement date:	\$	55,157,362
Total Pension Liability as of 12/31/2015 measurement date:	\$	57,830,230

Service Cost for the year ending on the 12/31/2015 measurement date:	\$	991,644
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Change in the Total Pension Liability due to:

- Benefit changes ¹ :	\$	0
- Differences between expected and actual experience ² :	\$	0
- Changes in assumptions ² :	\$	0

Average expected remaining service lives of all employees (active and inactive): 5

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

² 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.

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Change in Net Pension Liability as of 12/31/2015:	\$ 7,210,478	-	\$ (6,008,693)

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.

01 - AFSCME

7/1/2005	Benefit B-3 (80% max)
7/1/2005	Member Contribution Rate 2.30%
7/10/2001	Covered by Act 88
7/1/1997	Benefit B-2
7/1/1997	Benefit F55 (With 20 Years of Service)
7/1/1995	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1995	6 Year Vesting
7/1/1995	Benefit C-1 (New)
7/1/1995	Member Contribution Rate 0.00%
7/1/1995	Fiscal Month - January

02 - Plc POAM

1/1/2007	Member Contribution Rate 8.29%
12/1/2005	Benefit D2 Plan
12/1/2005	Benefit FAC-3 (3 Year Final Average Compensation)
12/1/2005	2.75% Multiplier (80% max)
12/1/2005	Member Contribution Rate 8.79%
1/1/2002	Member Contribution Rate 4.50%
7/10/2001	Covered by Act 88
1/1/2000	Benefit B-4 (80% max)
1/1/2000	Member Contribution Rate 6.50%
1/1/2000	E2 2.5% COLA for future retirees (01/01/2000)
1/1/1999	Member Contribution Rate 2.50%
7/1/1996	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1996	10 Year Vesting
7/1/1996	Benefit B-3 (80% max)
7/1/1996	Benefit F50 (With 25 Years of Service)
7/1/1996	Member Contribution Rate 3.50%
7/1/1995	Fiscal Month - January

05 - Firefighters IAFF

1/1/2005	Member Contribution Rate 7.76%
1/1/2004	2.75% Multiplier (80% max)
1/1/2004	Member Contribution Rate 8.07%
7/10/2001	Covered by Act 88
7/1/1999	Benefit D2 Plan
7/1/1999	Benefit FAC-3 (3 Year Final Average Compensation)
7/1/1999	10 Year Vesting
7/1/1999	Benefit B-4 (80% max)
7/1/1999	Benefit F50 (With 25 Years of Service)

05 - Firefighters IAFF

7/1/1999	Member Contribution Rate 4.19%
7/1/1999	E2 2.5% COLA for future retirees (07/01/1999)
7/1/1995	Fiscal Month - January

10 - Clerical

1/1/2007	Member Contribution Rate 3.90%
1/1/2007	Benefit B-4 (80% max)
1/1/2004	Member Contribution Rate 1.50%
1/1/2004	Benefit B-3 (80% max)
7/10/2001	Covered by Act 88
7/1/2000	Member Contribution Rate 0.60%
7/1/2000	Benefit B-2
1/1/1998	Benefit F55 (With 25 Years of Service)
1/1/1998	Member Contribution Rate 0.00%
1/1/1998	Benefit FAC-5 (5 Year Final Average Compensation)
1/1/1998	10 Year Vesting
1/1/1998	Benefit C-1 (New)
7/1/1995	Fiscal Month - January

11 - Teamsters

1/1/2004	6 Year Vesting
1/1/2002	Member Contribution Rate 2.00%
7/10/2001	Covered by Act 88
7/1/2000	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/2000	10 Year Vesting
7/1/2000	Benefit B-2
7/1/2000	Benefit F55 (With 20 Years of Service)
7/1/2000	Member Contribution Rate 0.00%
7/1/1995	Fiscal Month - January

20 - Police Cmnd

8/1/2005	2.75% Multiplier (80% max)
8/1/2005	Member Contribution Rate 11.24%
1/1/2005	Member Contribution Rate 5.50%
1/1/2003	Member Contribution Rate 8.00%
1/1/2002	Member Contribution Rate 7.00%
1/1/2002	E2 2.5% COLA for future retirees (07/01/2001)
7/10/2001	Covered by Act 88
7/1/2001	Benefit D2 Plan
7/1/2001	Benefit B-4 (80% max)
7/1/2001	Benefit F50 (With 25 Years of Service)
7/1/2001	Member Contribution Rate 6.00%
1/1/2001	Member Contribution Rate 4.50%
1/1/1998	Benefit FAC-3 (3 Year Final Average Compensation)
1/1/1998	10 Year Vesting

20 - Police Cmnd

1/1/1998	Benefit B-3 (80% max)
1/1/1998	Benefit F55 (With 15 Years of Service)
1/1/1998	Eligible at Age 52 (With 25 Years of Service)
1/1/1998	Member Contribution Rate 5.50%
7/1/1995	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	80%

Miscellaneous and Technical Assumptions

Loads – None.