

September 12, 2011

The Board of Trustees  
City of Harper Woods Employees Retirement System  
Harper Woods, Michigan

Dear Board Members:

*The purpose of the annual actuarial valuation of the City of Harper Woods Employees Retirement System as of December 31, 2010 is to:*

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active 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 January 1, 2012.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. Data concerning active members, retirees, beneficiaries and assets was provided by the City. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. The valuation was based on the provisions of the Retirement System as amended through December 31, 2010. The actuarial assumptions used in this valuation are reasonably related to the past experience of the System and represent reasonable expectations of future experience under the System. This valuation has been prepared under the supervision of a Member of the American Academy of Actuaries who meets the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,



Denise M. Jones  
Senior Consultant



Sandra W. Rodwan  
Member, American Academy of Actuaries

***City of Harper Woods  
Employees Retirement System***

*Actuarial Valuation as of December 31, 2010*

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



## **Purpose of Valuation**

The purpose of the annual actuarial valuation of the City of Harper Woods Employees Retirement System as of December 31, 2010 is to:

- ❖ Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active 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 January 1, 2012.

## **Liabilities and Funded Condition of Retirement System**

Accrued liabilities of the Retirement System as of December 31, 2010 were computed to be \$49,100,433. The funding value of accrued assets was \$34,526,599. The ratio of the funding value of accrued assets to accrued liabilities was 70.3%.

## **Funding Value of Assets**

A smoothed market value of assets was used for the December 31, 2010 valuation. This method, which spreads the difference between actual and expected investment return over five years, is the same as the method used for last year's valuation.

## **Computed City's Contribution Rate**

The City's normal cost contribution rate was computed to be 7.41% for General members and 11.00% for Police and Fire members. Unfunded actuarial accrued liability was amortized over 25 years as a level percent of payroll, producing an amortization payment of 13.39% of member payroll. The City's total contribution rate expressed as a percent of active member payroll is 20.80% for General members and 24.39% for Police and Fire.

**Retirement System Experience**

The recognized rate of investment return on the smoothed market value of assets was less than assumed (3.6% vs. 7.75%). There were 10 retirements during the year, 7 General members and 3 Police/Fire members. There were 3 retirees removed from the rolls during the year, 2 from General and 1 from Police/Fire. There was 1 beneficiary added in General.

**Assumption and Method Changes**

There were no changes in assumptions or methods used for this actuarial valuation.

**Benefit Provision Changes**

There were no benefit changes used for this actuarial valuation.

**Participant Data**

<u>Active Members</u>	<u>12/31/2010</u>		<u>12/31/2009</u>	
	<u>Number</u>	<u>Payroll</u>	<u>Number</u>	<u>Payroll</u>
General	36	\$1,986,260	43	\$2,416,811
Police	35	3,123,178	37	3,356,299
Fire	<u>12</u>	<u>1,119,618</u>	<u>13</u>	<u>960,314</u>
Total Active Members	83	\$6,229,056	93	\$6,733,424
	<u>Annual Pensions</u>		<u>Annual Pensions</u>	
<b>Retirees and Survivors</b>	103	\$3,250,674	95	\$2,820,521
	<u>Deferred Pensions</u>		<u>Deferred Pensions</u>	
<b>Vested Inactive Members</b>	4	\$104,734	4	\$104,734

**Financial Data**

	<u>12/31/2010</u>	<u>12/31/2009</u>
Smoothed Valuation Assets	\$34,526,599	\$36,805,237
Market Value of Assets	31,412,535	31,451,932

**Conclusion**

The overall experience of the Retirement System during 2010 was less favorable than expected based on the long-term assumptions. Although the investment return on the market value of assets was greater than assumed, the recognized rate of return on the smoothed market value of assets was less than assumed due to the phase-in portion of 2008 negative experience. This was the primary source of unfavorable experience. Other sources were the rates of retirement, greater than assumed salary increases in the Fire group and the lack of an employer contribution. The increases in the computed contribution rates and the decrease in the funded ratio to 70.3% from 79.7% last year reflect this experience. In the absence of very favorable experience, further significant increases in contribution rates and decreases in the funded ratio can be expected over the near future as the smoothed funding value of assets recognizes the carry-forwards from 2008. Receipt of employer contributions is essential for the long-term solvency of the Retirement System.



***Section Two:***

***Actuarial Calculations –  
Funding***



**Computed Contribution Rates for The Year Beginning January 1, 2012**

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 unfunded actuarial accrued liability amortized as a level percent of payroll over 25 years and added to the City’s Normal Cost. This is a one year decrease from last year.

**Contribution Recommendation:**

	<u>Percents of Payroll</u>	
	<u>General</u>	<u>Police/Fire</u>
Normal Cost		
Regular Retirement	7.56%	12.57%
Pre-retirement Death	1.58	1.30
Disability	1.25	2.68
Withdrawal		
Deferred Retirement	0.81	0.58
Refunds of Member Contributions	<u>1.31</u>	<u>0.94</u>
Total Normal Cost	12.51	18.07
Unfunded Actuarial Accrued Liability	<u>13.39</u>	<u>13.39</u>
Total Computed Contribution	25.90	31.46
Member Portion	<u>5.10*</u>	<u>7.07*</u>
<b>City Portion</b>	<b>20.80</b>	<b>24.39</b>
Full Funding Credit	<u>0.00</u>	<u>0.00</u>
<b>City’s Net Contribution Rate</b>	<b>20.80%</b>	<b>24.39%</b>
<b>Dollar Amount Based on Valuation Payroll</b>	<b>\$413,142</b>	<b>\$1,034,818</b>

\*Weighted average.

**Unfunded Actuarial Accrued Liability**

	<u>12/31/10</u>	<u>12/31/09</u>
Actuarial Accrued Liability	\$49,100,433	\$46,172,159
Assets Allocated to Funding	<u>34,526,599</u>	<u>36,805,237</u>
Unfunded Actuarial Accrued Liability	\$14,573,834	\$9,366,922

**Recommended City Contributions**

<b>Valuation Date December 31</b>	<b>Percent of Valuation Payroll</b>		<b>Dollar Contributions</b>
	<b>General</b>	<b>Police/Fire</b>	
1985	10.75%	12.47%	\$445,903
1990	11.86	17.56	730,649
1995	6.23*	10.10*	423,060
1999	0.00*	0.00*	0
2000	0.00*	0.00*	0
2001	0.00*	0.00*	0
2002	0.00*	0.00*	0
2003(a)	2.16*	4.57*	217,011
2003(b)	0.94	3.51	149,082
2004	7.21*	10.16*	556,939
2005(a)	10.71	13.79	736,060
2005(b)	7.09	9.56	502,015
2006	9.85	12.07	652,491
2007	9.98	11.91	699,704
2008	12.67	14.59	902,340
2009	15.35	17.81	1,139,769
<b>2010</b>	<b>20.80</b>	<b>24.39</b>	<b>1,447,960</b>

*Note: Results prior to 2000 are based on reports provided by previous actuarial firm.*

\*Net of temporary credit for accrued valuation assets in excess of actuarial accrued liabilities.

(a) Before assumption change.

(b) After reduction in the across-the-board salary increase assumption to 5.0% from 5.5% in 2003 and to 4.5% in 2005.

**History of Assets and Accrued Liabilities**  
**\$(+000)**

<b>Valuation Date 12/31</b>	<b>Valuation Assets</b>	<b>Actuarial Accrued Liabilities</b>	<b>Funded Ratio</b>	<b>Unfunded Actuarial Accrued Liabilities</b>
1990	\$14,772	\$16,047	92.1%	\$1,275
1991	16,691	17,163	97.2	472
1992	18,807	19,191	98.0	384
1993	20,465	20,181	101.4	(284)
1994	22,376	21,055	106.3	(1,321)
1995	24,636	22,064	111.7	(2,572)
1996	27,440	23,732	115.2	(3,708)
1997	30,723	26,159	117.4	(4,564)
1998	34,914	28,603	122.1	(6,311)
1999	39,347	30,660	128.3	(8,687)
2000	42,068	31,083	135.3	(10,985)
2001	43,635	34,855	125.2	(8,780)
2002	42,320	36,049	117.4	(6,271)
2003(a)	42,382	38,175	111.0	(4,207)
2003(b)	42,381	38,023	111.5	(4,358)
2004	40,594	39,977	101.5	(617)
2005(a)	39,433	41,921	94.1	2,488
2005(b)	39,433	39,543	99.7	110
2006	39,006	42,087	92.7	3,081
2007	39,945	43,109	92.7	3,164
2008	38,371	44,557	86.1	6,186
2009	36,805	46,172	79.7	9,367
<b>2010</b>	<b>34,527</b>	<b>49,100</b>	<b>70.3</b>	<b>14,573</b>

\*Results shown throughout this report, for years prior to 2000, were prepared by the previous actuarial firm.

(a) Before assumption change.

(b) After reduction in the across-the-board salary increase assumption to 5.0% from 5.5% in 2003 and to 4.5% in 2005.

**Aggregate Gain/Loss - Year Ended December 31, 2010**

(1) UAAL <sup>a</sup> at start of year	\$9,366,922
(2) Normal cost	1,044,840
(3) Contributions	433,614
(4) Interest accrual	749,621
(5) Expected UAAL before changes	10,727,769
(6) Change from amendments	-
(7) Change from assumption revisions	-
(8) Expected UAAL after changes	10,727,769
(9) Actual UAAL	14,573,834
(10) Gain(Loss)	(3,846,065)
(11) Percent of AAL <sup>b</sup>	(8.6)%

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

<sup>b</sup> Actuarial Accrued Liability at beginning of year.

**Actuarial Balance Sheet December 31, 2010**

**Actuarial Assets**

Accrued Assets		
Assets from system’s financial statements (market value)	\$31,412,535	
Funding value adjustment	<u>3,114,064</u>	
Total accrued assets (funding value)		\$34,526,599
Actuarial present value of expected future		
For normal costs	10,708,489	
For unfunded actuarial accrued liabilities	<u>14,573,834</u>	
		<u>25,282,323</u>
Total Actuarial Present Value of Present and Expected Future Resources		<u><u>\$59,808,922</u></u>

**Actuarial Present Values (Liability)**

To retirees and beneficiaries		\$32,078,929
To vested terminated members		706,707
To active members		
Allocated to service rendered prior to valuation date		16,314,797
Allocated to service rendered after valuation date		<u>10,708,489</u>
Total Actuarial Present Value of Expected Future Benefit Payments and Reserves		<u><u>\$59,808,922</u></u>

## Comments

**Comment 1:** The overall experience of the Retirement System produced an actuarial loss during the year ended December 31, 2010. Although investment return on the market value of assets was favorable, the recognized return on the smoothed funding value of assets was less than assumed (3.6% vs. 7.75%) because of the phase-in of the 2008 investment loss in the smoothed asset value. The smoothed funding value of assets used for the actuarial valuation credits the assumed 7.75% and spreads the difference between the actual and assumed 7.75% over 5 years. As the negative 2008 experience is recognized in the smoothed market value of assets over the next several years, the effect will be further significant increases in computed contribution rates and decreases in the funded ratio over the short term in the absence of very favorable experience.

Also contributing to the experience loss were the rate of retirements, salary increases in the Fire group, and the lack of employer contributions during the year. Receipt of employer contributions is essential for the long-term solvency of the Retirement System.

**Comment 2:** The inclusion of lump sum payments for unused vacation time in the computation of final average compensation (FAC) for certain groups has increased the pensions and liabilities for some members retiring. For members retiring in 2010 the average increase in FAC due to lump sums was 8.8%. Currently the effect of lump sum payments is recognized in the year of retirement. Unless there is a change in emerging experience it will be necessary to increase active member accrued liabilities to reflect the likely impact of lump sums on their pension amounts. This will further increase computed employer contribution rates.

**Comment 3:** As of December 31, 2010, the actuarial accrued liabilities exceeded the accrued funding value of assets. The resulting unfunded actuarial accrued liability was amortized as a level percent of payroll over 25 years and added to the computed normal cost. The 25 year amortization period is a 1 year decrease from last year.

**Comment 4:** The amortization payment for unfunded actuarial accrued liability is computed in aggregate for the entire Retirement System since employer assets are not allocated between the valuation divisions.

**Comment 5:** As of December 31, 2010, the Reserve for Retired Benefit Payments was reported to be \$24,711,695 and the actuarial present value of pensions being paid to retirees and beneficiaries was \$32,078,929. Pursuant to Section 2-823 of the Retirement System Ordinance, we recommend that the difference, \$7,367,234, be transferred from the Reserve for Employer Contributions to the Reserve for Retired Benefit Payments to fully fund current retiree liabilities as of December 31, 2010.



***Section Three:***

***Retirement System  
Benefit Provisions***



## Benefit Provision Summary

### *Service Retirement (No reduction factor for age)*

#### *Eligibility:*

General: Age 60 with 10 or more years of service.

DPW and General Administrators: Age 60 with 10 or more years of service or age 55 and 25 or more years of service.

Police: Age 50 with 25 or more years of service or age 55 regardless of years of service.

Fire: Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

#### *Annual Benefit:*

General & DPW: 2.25% of final average salary per year of service.

General Administrative: 2.25% of final average salary per year of service.

Maximum benefit is 80% of FAS.

Police/Fire: 2.75% of final average salary per year of service. Maximum Benefit is 80% of FAS.

#### *Type of Final Average Salary (FAS):*

General & DPW: Highest 5 consecutive years out of the last 10.

Police Command and General Administrative: Highest 3 consecutive years out of the last 10.

Police Patrol and Fire: Highest 3 consecutive years out of the last 5.

Salary is defined in labor contracts.

***Deferred Retirement  
(Vested benefit)***

*Eligibility:*

10 or more years of service.

General: Benefits begin at age 60.

General Administrators and DPW: Benefits begin at age 60, or age 55 with 25 or more years of service.

Police and Fire: Benefits begin at age 60, or age 50 with 25 or more years of service.

*Annual Benefit:*

*Annual Amount* – Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

***Duty Disability Retirement***

*Eligibility:*

Total and permanent disability, no age or service requirement. Worker's Compensation must become payable on account of disability.

*Annual Benefit:*

Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

***Non-Duty Disability***

*Eligibility:*

Total and permanent disability after 10 years of credited service.

*Annual Benefit:*

Computed as regular retirement based upon service and final average salary at time of termination.

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

*Eligibility:*

No age or service requirement. Worker's Compensation must become payable on account of death.

*Annual Benefit:*

Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

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

*Eligibility:*

10 or more years of service.

*Annual Benefit:*

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

***Automatic Surviving Spouse Benefit:***

General Administrative, Police and Fire members (effective in 2001) who elect a straight life pension automatically provide continuation of 60% of their unreduced pension to their surviving spouse.

***Member Contributions***

General: Clerical – 5.0% of gross pay.

Administrative – 5.0% of gross pay.

DPW – 5.25% of gross pay.

Police – 7.00% of gross pay.

Fire – 7.25% of gross pay.

Gross pay is defined in labor contracts.

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***Section Four:***

***Actuarial Assumptions  
And Methods***



**Actuarial Assumptions**

**Economic Assumptions**

- (i) **Interest Rate** 7.75% (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	Totals	
	General	Police/Fire
20	8.3%	7.5%
25	7.6	7.5
30	7.2	7.2
35	6.7	5.6
40	6.6	4.7
45	6.2	4.7
50	5.6	4.7
55	5.2	4.6
60	4.7	4.5
65	4.5	4.5

**Demographic Assumptions**

**(i) Mortality**

1984 Group Annuity Mortality Table  
male and female.

Sample Ages	Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	\$134.71	\$146.05	27.53	33.66
55	125.72	139.18	23.28	28.99
60	114.86	130.21	19.27	24.44
65	102.12	118.98	15.55	20.09
70	88.28	105.19	12.25	15.99
75	74.58	89.73	9.49	12.33
80	60.87	74.20	7.17	9.28

**(ii) Disability**

Percent Becoming Disabled Within Next Year			
Sample	General		Police/Fire
Ages	Men	Women	
20	0.07%	0.03%	0.11%
25	0.09	0.05	0.18
30	0.10	0.07	0.37
35	0.14	0.13	0.61
40	0.21	0.19	0.85
45	0.32	0.28	1.09
50	0.52	0.45	1.33
55	0.92	0.76	1.56

**(iii) Termination of Employment**

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

Sample Ages	Years of Service	Members Separating Within the Year		
		General Members	Police	Fire
ALL	0	20.00%	12.00%	10.00%
	1	15.00	9.00	7.00
	2	10.00	7.00	5.00
	3	8.00	5.00	4.00
	4	7.00	4.50	3.50
20	5 & Over	6.00	4.50	3.50
25		6.00	4.50	3.50
30		5.50	3.90	2.90
35		4.40	2.30	1.50
40		1.85	0.90	0.60
45		1.25	0.50	0.50
50		1.25	0.50	0.50
55		1.25	0.50	0.50
60		1.25	0.50	0.50
65		1.25	-	-

**(iv) Retirement Rates**

Age-related rates

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

Age Retiring	Percent Retiring			
	General		Police	Fire
	Administrative and DPW	Others		
50			35%	20%
51			25	15
52			20	10
53			15	10
54			15	10
55	15%		15	10
56	10		15	10
57	10		15	15
58	10		25	25
59	10		30	30
60	15	15%	100	100
61	8	8		
62	15	15		
63	9	9		
64	15	15		
65	70	90		
66	30	30		
67	40	40		
68	50	50		
69	60	60		
70	100	100		

A member was assumed eligible for retirement upon meeting the following conditions:

General: 60 years of age with 10 years of service.

DPW: 60 years of age with 10 years of service or 55 years of age with 25 years of service.

Administrative: 60 years of age with 10 years of service or 55 years of age with 25 years of service.

Police: 50 years of age with 25 years of service or 55 years of age regardless of years of service.

Fire: 50 years of age with 25 years of service or 55 years of age with 10 or more years of service.

### **Actuarial Method Used for the Valuation**

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

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

**Financing of Unfunded Actuarial Accrued Liability.** Unfunded actuarial accrued liability was amortized over a 25 year period as of December 31, 2010.

Active member payroll was assumed to increase 4.5% a year for the purpose of determining the level percent of payroll amortization payment and funding credit.



***Section Five:***  
***Valuation Data***



**Summary of Asset Information Submitted for the Valuation**

## Revenues and Expenses for the Year Ended December 31, 2010

## (a) Revenues

Member Contributions		
General	\$ 118,960	
Police & Fire	<u>314,654</u>	\$433,614
Employer Contributions		0
Investment Income (Net of Expense)		<u>3,487,647</u>
Total Income		3,921,261

## (b) Expenses

Pensions		2,993,392
Refunds		
General	361,287	
Police & Fire	<u>606,471</u>	967,758
Post-Retirement Health Insurance		0
Non-Investment Expenses		<u>11,000</u>
Total Expenses		3,972,150

Total revenues minus total expenditures \$(50,889)

**Asset Reconciliation**

Market Value of Assets – December 31, 2009	\$31,451,932
Revenues	3,921,261
Expenditures	3,972,150
Other	<u>11,492</u>
Market Value of Assets – December 31, 2010	\$31,412,535

### Asset Summary

As of December 31, 2010 the market value of assets was reported to be \$31,412,535. The funding value of assets (smoothed market value) was computed to be \$34,526,599.

<b>Funding Value of Assets</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
A. Funding Value Beginning of Year	\$39,005,724	\$39,945,261	\$38,371,026	\$36,805,237
B. Market Value End of Year	40,368,737	28,232,691	31,451,932	31,412,535
C. Market Value Beginning of Year	39,178,834	40,368,737	28,232,691	31,451,932
D. Non-Investment Net Cash Flow	(2,755,957)	(2,201,859)	(2,587,015)	(3,538,536)
E. Investment Income				
E1. Market Total B-C-D	3,945,860	(9,934,187)	5,806,256	3,499,139
E2. Amount for Immediate Recognition	2,916,150	3,010,436	2,873,508	2,715,288
E3. Amount for Phased-In Recognition E1-E2	1,029,710	(12,944,623)	2,932,748	783,851
F. Phased-In Recognition of Investment Income				
F1. Current Year 0.20 x E3	205,942	(2,588,925)	586,550	156,770
F2. First Prior Year	184,273	205,942	(2,588,925)	586,550
F3. Second Prior Year	(240,122)	184,273	205,942	(2,588,925)
F4. Third Prior Year	56,020	(240,122)	184,273	205,942
F5. Fourth Prior Year	573,232	56,020	(240,122)	184,273
F6. Total Phased-in Amount	779,344	(2,382,812)	(1,852,282)	(1,455,390)
G. Funding Value End of Year A+D+E2+F6	39,945,261	38,371,026	36,805,237	34,526,599
H. Difference Between Market and Funding Value	423,476	(10,138,335)	(5,353,305)	(3,114,064)
I. Rate of Return Based on Smoothed Method	9.8%	1.6%	2.8%	3.6%

## Participant Summary

### Retirees and Beneficiaries Included in the Valuation

There were 101 retirees and beneficiaries included in the valuation and 2 alternate payees, with annual pensions totaling \$3,250,674. There were 10 retirements during the year, 7 General members and 3 Police/Fire members. There were 3 retirees removed during the year, 2 from General and 1 from Police/Fire. There was 1 beneficiary from General added during the year.

### Pensions Being Paid Historical Schedule

Valuation Date December 31	No.	Annual Pensions	Average Pension	Discounted Value of Pensions	
				Total	Average
1980	33	\$ 109,656	\$ 3,323	\$ 1,386,167	\$38,505
1985	46	256,479	5,576	2,500,278	54,354
1990	59	497,542	8,433	4,834,549	81,942
1991	61	581,422	6,532	5,742,197	94,134
1992	65	679,416	10,453	6,765,954	104,092
1993	65	711,105	10,940	6,947,108	106,879
1994	67	754,730	11,265	7,330,831	109,415
1995	70	843,446	12,049	8,286,141	118,373
1996	71	935,959	13,183	9,400,554	132,402
1997	73	1,023,571	14,022	10,270,399	140,690
1998	74	1,067,282	14,423	10,519,292	142,153
1999	79	1,183,391	14,611	11,609,072	148,834
2000	82	1,297,931	15,828	12,759,805	155,607
2001	86	1,487,000	17,291	14,789,752	171,974
2002	83	1,647,419	19,848	16,894,208	203,545
2003	83	1,645,044	19,820	16,644,473	200,536
2004	88	1,947,692	22,133	19,818,122	225,206
2005	89	2,159,815	24,268	20,948,529	235,376
2006	95	2,603,042	27,400	25,762,836	271,188
2007	94	2,644,486	28,133	26,201,313	278,737
2008	93	2,735,027	29,409	27,420,567	294,845
2009	95	2,820,521	29,690	27,705,087	291,632
<b>2010</b>	<b>103</b>	<b>3,250,674</b>	<b>31,560</b>	<b>32,078,929</b>	<b>311,456</b>

**Retired Members and Survivors – December 31, 2010**

Attained Age	Service		Disability and Death-In-Service		Totals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
35-39		\$0	1	\$17,132	1	\$17,132
50-54	11	561,874			11	561,874
55-59	17	788,154			17	788,154
60-64	18	737,055	4	91,789	22	828,844
65-69	16	501,668	2	33,863	18	535,531
70	5	123,862			5	123,862
71	3	57,721			3	57,721
73	2	28,231			2	28,231
74	2	51,867			2	51,867
75	1	6,971			1	6,971
76	1	31,443			1	31,443
79	1	44,357			1	44,357
80	1	11,619			1	11,619
81	2	44,634			2	44,634
82	3	28,019			3	28,019
83	1	2,618	1	4,571	2	7,189
84	2	24,856			2	24,856
85	1	11,325	1	3,682	2	15,007
86	2	16,392			2	16,392
87	2	5,496			2	5,496
88	1	3,031			1	3,031
89	1	6,933			1	6,933
92	1	11,511			1	11,511
<b>Totals</b>	<b>94</b>	<b>\$ 3,099,637</b>	<b>9</b>	<b>\$ 151,037</b>	<b>103</b>	<b>\$ 3,250,674</b>

**Retirees and Beneficiaries - December 31, 2010**  
**Type of Pensions**

<u>Type of Pensions</u>	<u>No.</u>	<u>Annual Pensions</u>
<b>Age and Service Pensions</b>		
Straight Life -		
benefit terminates at death of retiree	23	\$510,581
automatic 60% Joint & Survivor	25	1,349,125
100% Joint & Survivor	16	584,831
50% Joint & Survivor	20	533,908
 Survivor beneficiaries of deceased retirees	 10	 121,192
 Total Age & Service Pensions	 94	 3,099,637
 <b>Duty Disability Pensions</b>		
Straight Life -		
benefit terminates at death of retiree	3	77,711
automatic 60% Joint & Survivor		
100% Joint & Survivor	1	3,682
50% Joint & Survivor		
Survivor beneficiaries	1	4,571
 <b>Non-Duty Disability Pensions</b>		
Straight Life -		
benefit terminates at death of retiree		
automatic 60% Joint & Survivor		
100% Joint & Survivor	1	17,132
50% Joint & Survivor		
 Beneficiaries	 1	 22,853
 <b>Death-In-Service Pensions</b>		
Non-Duty Death	1	8,380
Duty Death	1	16,708
 Total Disability and Death Pensions being Paid	 9	 151,037
 <b>Total Pensions Paid</b>	 <b>103</b>	 <b>\$3,250,674</b>

**Inactive Members – December 31, 2010**

<u>Age</u>	<u>No.</u>	<u>Estimated Annual Pension</u>
44	1	\$14,744
47	1	22,361
53	1	24,817
56	1	42,812
<b>Totals</b>	<b>4</b>	<b>\$104,734</b>

## Active Member Summary

### General Active Members - December 31, 2010 Age and Service Distribution

Attained Age	Service							Totals		
	0-4	5-9	10-14	15-19	20-24	25-29	Over 30	No.	Payroll	
25-29		1						1	\$38,126	
30-34		1						1	53,286	
35-39				1				1	39,273	
40-44	2	2	1	1			1	7	333,149	
45-49	1	2	3			2	2	10	594,389	
50-54			1	2	2			1	6	318,768
55-59		2	1	2	1		1	7	441,060	
60-64				2				2	94,523	
65-69			1					1	73,686	
<b>Totals</b>	<b>3</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>36</b>	<b>\$1,986,260</b>	

#### Group Averages:

Age: 49.8 years  
 Service: 15.3 years  
 Annual Pay: \$55,174

**Police/Fire Active Members - December 31, 2010**  
**Age and Service Distribution**

Attained Age	Service							No.	Totals Payroll
	0-4	5-9	10-14	15-19	20-24	25-29	Over 30		
20-24	1							1	\$63,207
25-29	2	2						4	325,717
30-34	7	3	1					11	896,098
35-39	3	7	5					15	1,287,394
40-44		1	4	1	2			8	834,014
45-49			1	1	3	1		6	631,118
50-54			1					1	78,670
55-59							1	1	126,578
<b>Totals</b>	<b>13</b>	<b>13</b>	<b>12</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>47</b>	<b>\$4,242,796</b>

**Group Averages:**

Age: 38.2 years  
Service: 10.3 years  
Annual Pay: \$90,272

**Active Members – Three-Year Summary**

	<b>2010</b>		<b>2009</b>		<b>2008</b>	
	<b>General</b>	<b>Police/Fire</b>	<b>General</b>	<b>Police/Fire</b>	<b>General</b>	<b>Police/Fire</b>
Active Members	36	47	43	50	46	49
Valuation Payroll	\$1,986,260	\$4,242,796	\$2,416,811	\$4,316,613	\$2,556,797	\$3,964,321
Average Compensation	\$55,174	\$90,272	\$56,205	\$86,332	\$55,583	\$80,905
Average Age (yrs.)	49.8	38.2	50.4	38.2	50.2	37.4
Average Service (yrs.)	15.3	10.3	16.6	10.3	16.4	9.7



***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, 2010
Actuarial Cost Method:	Individual Entry Age
Amortization method:	Level percent of payroll, closed
Remaining amortization period:	25 years
Asset valuation method:	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases – General	4.5%-8.3%
- Police/Fire	4.5%-7.5%

Membership data as of December 31, 2010 is 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
1996	\$27,439,817	\$23,823,408	115.2%	\$(3,616,409)	\$4,717,727	-
1997	30,722,686	26,158,951	117.4	(4,563,735)	4,792,679	-
1998	34,914,381	28,603,097	122.1	(6,311,284)	4,873,335	-
1999	39,346,905	30,659,575	128.3	(8,687,330)	5,178,301	-
2000	42,068,214	31,082,713	135.3	(10,985,502)	5,400,958	-
2001	43,635,585	34,855,217	125.2	(8,780,368)	5,433,995	-
2002	42,319,742	36,049,125	117.4	(6,270,617)	5,619,098	-
2003(a)	42,381,685	38,175,120	111.0	(4,206,565)	6,436,895	-
2003(b)	42,381,742	38,023,254	111.5	(4,358,431)	6,436,895	-
2004	40,593,702	39,976,469	101.5	(617,233)	6,234,491	-
2005(a)	39,433,033	41,920,737	94.1	2,487,704	5,888,821	42.2
2005(b)	39,433,033	39,543,052	99.7	110,019	5,888,821	1.9
2006	39,080,964	42,086,688	92.7	3,080,964	5,872,496	52.5
2007	39,945,261	43,109,687	92.7	3,164,426	6,270,323	50.5
2008	38,371,026	44,556,903	86.1	6,185,877	6,521,118	94.9
2009	36,805,237	46,172,159	79.7	9,366,922	6,733,424	139.1
<b>2010</b>	<b>34,526,599</b>	<b>49,100,433</b>	<b>70.3</b>	<b>14,573,834</b>	<b>6,229,056</b>	<b>234.0</b>

- (a) Before change in actuarial assumption regarding across-the-board salary increases and amortization period.
- (b) After change in actuarial assumption regarding across-the-board salary increases and amortization period.

**Required Supplementary Information**  
**Schedule of Employer Contributions**

Valuation Date	Fiscal Year	Computed Rates as Percents of Valuation Payroll*		Computed Dollar Contribution Based on Valuation Payroll	Percent Contributed
		General	Police/Fire		
1991	1993	11.69%	15.50%	\$649,609	100%
1992	1994	11.39	16.01	699,832	100
1993	1995	10.88	14.59	650,764	100
1994	1996	8.95	12.77	547,982	100
1995	1997	6.23	10.10	423,060	100
1996	1998	3.52	7.41	295,238	100
1997	1999	2.35	4.44	268,564	100
1998	2000	0.00	0.00	-	-
1999	2001	0.00	0.00	-	-
2000	2002	0.00	0.00	-	-
2001	2003	0.00	0.00	-	-
2002	2004	0.00	0.00	-	-
2003(a)	2005	2.16	4.57	217,011	
2003(b)	2005	0.94	3.51	149,082	100
2004	2006	7.21	10.16	556,939	65
2005(a)	2007	10.71	13.79	736,060	
2005(b)	2007	7.09	9.56	502,015	100
2006	2008	9.85	12.07	652,491	71
2007	2009	9.98	11.91	699,704	0
2008	2010	12.67	14.59	902,340	0
2009	2011	15.35	17.81	1,139,769	
<b>2010</b>	<b>2012</b>	<b>20.80</b>	<b>24.39</b>	<b>1,447,960</b>	

\*Net of temporary full funding credit.

(a) Before change in actuarial assumption regarding across-the-board salary increases.

(b) After assumption change.