

July 20, 2009

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, 2008 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, 2010.

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, 2008. 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.

Respectfully submitted,



Sandra W. Rodwan, M.A.A.A.

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

Actuarial Valuation as of December 31, 2008

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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, 2008 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, 2010.

Liabilities and Funded Condition of Retirement System

Accrued liabilities of the Retirement System as of December 31, 2008 were computed to be \$44,556,903. The funding value of accrued assets was \$38,371,026. The ratio of the funding value of accrued assets to accrued liabilities was 86.1%.

Funding Value of Assets

A smoothed market value of assets was used for the December 31, 2008 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 7.51% for General members and 9.43% for Police and Fire members. Unfunded actuarial accrued liability was amortized over 27 years as a level percent of payroll, producing an amortization payment of 5.16% of member payroll. The City's total contribution rate expressed as a percent of active member payroll is 12.67% for General members and 14.59% for Police and Fire.

Retirement System Experience

The recognized rate of investment return on the smooth market value of assets was less than assumed (1.6% vs. 7.75%). There were 3 retirements during the year, 2 Police/Fire members and 1 former General member from vested inactive status. There were 5 retirees removed from the rolls during the year, 1 from General and 4 from Police/Fire.

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>12/31/2008</u>		<u>12/31/2007</u>	
	<u>Number</u>	<u>Payroll</u>	<u>Number</u>	<u>Payroll</u>
General	46	\$2,556,797	45	\$2,439,975
Police	35	2,950,958	35	2,877,374
Fire	<u>14</u>	<u>1,013,363</u>	<u>14</u>	<u>952,974</u>
Total Active Members	95	6,521,118	94	6,270,321
	<u>Annual Pensions</u>		<u>Annual Pensions</u>	
Retirees and Survivors	93	\$2,735,027	94	\$2,132,506
	<u>Deferred Pensions</u>		<u>Deferred Pensions</u>	
Vested Inactive Members	4	\$104,734	5	\$138,851

Financial Data

	<u>12/31/2008</u>	<u>12/31/2007</u>
Smoothed Valuation Assets	\$38,371,026	\$39,945,261
Market Value of Assets	28,232,691	40,368,737

Conclusion

The overall experience of the Retirement System during 2008 was significantly less favorable than expected based on the long-term assumptions. The primary source of unfavorable experience was the recognized rate of investment return (1.6% vs. 7.75%). The increases in the computed contribution rates and the decrease in the funded ratio to 86.1 from 92.7% last year reflect this experience. In the absence of significant favorable experience, further 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.



Section Two:

***Actuarial Calculations –
Funding***



Computed Contribution Rates for The Year Beginning January 1, 2010

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 27 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	7.39%	11.42%
Pre-retirement Death	1.57	1.17
Disability	1.21	2.42
Withdrawal		
Deferred Retirement	0.81	0.53
Refunds of Member Contributions	<u>1.61</u>	<u>0.95</u>
Total Normal Cost	12.59	16.49
Unfunded Actuarial Accrued Liability	<u>5.16</u>	<u>5.16</u>
Total Computed Contribution	17.75	21.65
Member Portion	<u>5.08</u>	<u>7.06</u>
City Portion	12.67	14.59
Full Funding Credit	<u>0.00</u>	<u>0.00</u>
City’s Net Contribution Rate	12.67%	14.59%
Dollar Amount Based on		
Valuation Payroll	\$323,946	\$578,394

Unfunded Actuarial Accrued Liability

	<u>12/31/08</u>	<u>12/31/07</u>
Actuarial Accrued Liability	\$44,556,903	\$43,109,687
Assets Allocated to Funding	<u>38,371,026</u>	<u>39,945,261</u>
Unfunded Actuarial Accrued Liability	\$6,185,877	\$3,164,426

Recommended City Contributions

Valuation Date December 31	Percent of Valuation Payroll		Dollar Contributions
	General	Police/Fire	
1985	10.75%	12.47%	\$445,903
1990	11.86	17.56	730,649
1995	6.23*	10.10*	423,060
1996	3.52*	7.41*	295,238
1997	2.35*	4.44*	268,564
1998	0.00*	0.00*	0
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

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)

Valuation Date 12/31	Valuation Assets	Actuarial Accrued Liabilities	Funded Ratio	Unfunded Actuarial Accrued Liabilities
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

*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, 2008

(1) UAAL ^a at start of year	\$3,164,426
(2) Normal cost	928,154
(3) Contributions	500,000
(4) Interest accrual	261,834
(5) Expected UAAL before changes	3,854,414
(6) Change from amendments	-
(7) Change from assumption revisions	-
(8) Expected UAAL after changes	3,854,414
(9) Actual UAAL	6,185,877
(10) Gain(Loss)	(2,331,463)
(11) Percent of AAL ^b	(5.4)%

^a Unfunded Actuarial Accrued Liability.

^b Actuarial Accrued Liability at beginning of year.

Actuarial Balance Sheet December 31, 2008

Actuarial Assets

Accrued Assets		
Assets from system's financial statements (market value)	\$28,232,691	
Funding value adjustment	<u>10,138,335</u>	
Total accrued assets (funding value)		\$38,371,026
Actuarial present value of expected future		
For normal costs	10,046,472	
For unfunded actuarial accrued liabilities	<u>6,185,877</u>	
		<u>16,232,349</u>
Total Actuarial Present Value of Present and Expected Future Resources		<u>\$54,603,375</u>

Actuarial Present Values (Liability)

To retirees and beneficiaries		\$27,420,567
To vested terminated members		601,937
To active members		
Allocated to service rendered prior to valuation date		16,534,399
Allocated to service rendered after valuation date		<u>10,046,472</u>
Total Actuarial Present Value of Expected Future Benefit Payments and Reserves		<u>\$54,603,375</u>

Comments

Comment 1: The overall experience of the Retirement System was significantly less favorable than expected based on the long-term assumptions. The primary source of unfavorable experience was the rate of investment return, reflecting general market conditions. The smoothed funding value of assets used for the actuarial valuation credits the assumed 7.5% and spreads the difference between the actual and assumed 7.5% over 5 years. This means that 20% of the experience loss on investments in 2008 was recognized this year, with the remaining portion carried forward and recognized over the next 4 years. As those amounts are recognized in the smoothed market value of assets, the effect will be further increases in computed contribution rates and decreases in the funded ratio over the short term in the absence of very favorable experience.

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. Emerging experience will be monitored and a load for the effect of lump sums in FAC may need to be included in the computation of liabilities and contribution rates.

Comment 3: As of December 31, 2008, 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 27 years and added to the computed normal cost. The 27 year amortization period is a 1 year decreased 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, 2008, the Reserve for Retired Benefit Payments was reported to be \$23,451,392 and the actuarial present value of pensions being paid to retirees and beneficiaries was \$27,420,567. Pursuant to Section 2-823 of the Retirement System Ordinance, we recommend that the difference, \$3,969,175, 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, 2008.

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)

City of Harper Woods

Employees Retirement System

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:

Effective in 2001, Police and Fire members 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.

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 Ages	General		Police/Fire
	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 27 year period as of December 31, 2008.

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, 2008

(a) Revenues

Member Contributions		
General	\$ 144,610	
Police & Fire	<u>303,226</u>	\$447,836
Employer Contributions		500,000
Investment Income (Net of Expense)		<u>(9,934,088)</u>
Total Income		(8,986,252)

(b) Expenses

Pensions		2,749,822
Refunds		
General	60,586	
Police & Fire	<u>328,287</u>	388,873
Post-Retirement Health Insurance		0
Non-Investment Expenses		<u>11,000</u>
Total Expenses		3,149,695

Total revenues minus total expenditures \$(12,135,947)

Asset Reconciliation

Market Value of Assets – December 31, 2007	\$40,368,737
Revenues	(8,986,252)
Expenditures	3,149,695
Other	<u>99</u>
Market Value of Assets – December 31, 2008	\$28,232,691

Asset Summary

As of December 31, 2008 the market value of assets was reported to be \$28,232,691. The gross funding value of assets (smoothed market value) was computed to be \$38,371,026.

Funding Value of Assets	2005	2006	2007	2008
A. Funding Value Beginning of Year	\$40,593,702	\$39,433,033	\$39,005,724	\$39,945,261
B. Market Value End of Year	38,008,222	39,178,934	40,368,737	28,232,691
C. Market Value Beginning of Year	38,538,668	38,008,222	39,178,834	40,368,737
D. Non-Investment Net Cash Flow	(2,288,543)	(2,702,108)	(2,755,957)	(2,201,859)
E. Investment Income				
E1. Market Total B-C-D	1,758,097	3,872,720	3,945,860	(9,934,187)
E2. Amount for Immediate Recognition	2,958,707	2,951,353	2,916,150	3,010,436
E3. Amount for Phased-In Recognition E1-E2	(1,200,610)	921,367	1,029,710	(12,944,623)
F. Phased-In Recognition of Investment Income				
F1. Current Year 0.20 x E3	(240,122)	184,273	205,942	(2,588,925)
F2. First Prior Year	56,020	(240,122)	184,273	205,942
F3. Second Prior Year	573,232	56,020	(240,122)	184,273
F4. Third Prior Year	(1,249,956)	573,232	56,020	(240,122)
F5. Fourth Prior Year	(970,007)	(1,249,956)	573,232	56,020
F6. Total Phased-in Amount	(1,830,834)	(676,554)	779,344	(2,382,812)
G. Funding Value End of Year A+D+E2+F6	39,433,033	39,005,724	39,945,261	38,371,026
H. Difference Between Market and Funding Value	(1,424,811)	173,110	423,476	(10,138,335)
I. Rate of Return Based on Smoothed Method	2.9%	6.0%	9.8%	1.6%

Participant Summary

Retirees and Beneficiaries Included in the Valuation

There were 91 retirees and beneficiaries included in the valuation and 2 alternate payees, with annual pensions totaling \$2,735,027. There were 3 retirements during the year, 2 Police/Fire members and 1 former General member from inactive vested status. There were 5 retirees removed during the year, 1 from General and 4 from Police/Fire.

Pensions Being Paid Historical Schedule

Valuation Date June 30	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

Retired Members and Survivors – December 31, 2008

Attained Age	Service		Disability and Death-In-Service		Totals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
50-54	9	\$470,254			9	\$470,254
55-59	19	864,176	2	50,048	21	914,224
60-64	12	416,766	3	67,224	15	483,990
65-69	17	502,952	1	8,380	18	511,332
71	2	28,231			2	28,231
72	2	51,867			2	51,867
73	1	6,971			1	6,971
74	1	31,443			1	31,443
77	1	44,357			1	44,357
78	1	11,619			1	11,619
79	2	44,634			2	44,634
80	3	28,019			3	28,019
82	2	24,856			2	24,856
83	1	11,325	1	3,682	2	15,007
84	1	7,773	1	4,571	2	12,344
85	2	5,496			2	5,496
86	1	3,031			1	3,031
87	1	6,933			1	6,933
88	1	8,619	1	5,236	2	13,855
90	1	11,511	1	3,812	2	15,323
93	1	2,747			1	2,747
94	1	3,788			1	3,788
96	1	4,706			1	4,706
Totals	83	\$2,592,074	10	\$142,953	93	\$2,735,027

Retirees and Beneficiaries - December 31, 2008**Type of Pensions**

Type of Pensions	No.	Annual Pensions
Age and Service Pensions		
Straight Life -		
benefit terminates at death of retiree	21	\$444,757
automatic 60% Joint & Survivor	20	1,043,703
100% Joint & Survivor	14	479,234
50% Joint & Survivor	20	533,908
Survivor beneficiaries of deceased retirees	8	90,472
Total Age & Service Pensions	83	2,592,074
Duty Disability Pensions		
Straight Life -		
benefit terminates at death of retiree	2	50,516
automatic 60% Joint & Survivor	1	27,195
100% Joint & Survivor	1	3,682
50% Joint & Survivor	1	5,236
Survivor beneficiaries	1	4,571
Non-Duty Disability Pensions		
Straight Life -		
benefit terminates at death of retiree		
automatic 60% Joint & Survivor		
100% Joint & Survivor		
50% Joint & Survivor		
Beneficiaries	2	26,665
Death-In-Service Pensions		
Non-Duty Death	1	8,380
Duty Death	1	16,708
Total Disability and Death Pensions being Paid	10	142,953
Total Pensions Paid	93	\$2,735,027

Inactive Members – December 31, 2008

There was 1 vested inactive General member who retired during the year.

<u>Age</u>	<u>No.</u>	<u>Estimated Annual Pension</u>
42	1	\$14,744
45	1	22,361
51	1	24,817
54	1	42,812
Totals	4	\$104,734

Active Member Summary

General Active Members - December 31, 2008
Age and Service Distribution

Attained Age	Service							No.	Totals Payroll
	0-4	5-9	10-14	15-19	20-24	25-29	Over 30		
25-29	1							1	\$32,361
30-34		1	1					2	85,997
35-39	1	1						2	86,473
40-44	1	4	1		1			7	379,290
45-49	1	4		1	2	1		9	481,453
50-54		2		4	2	1	1	10	564,750
55-59			1	4	1		3	9	586,644
60-64		1		2		1	1	5	265,085
65-69		1						1	74,744
Totals	4	14	3	11	6	3	5	46	\$2,556,797

Group Averages:

Age: 50.2 years
Service: 16.4 years
Annual Pay: \$55,583

Police-Fire Active Members - December 31, 2008
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	\$50,917
25-29	6							6	426,686
30-34	6	4						10	636,514
35-39	4	10	3	1				18	1,523,151
40-44		1		2				3	295,808
45-49		1		3	1	1		6	591,572
50-54			1	1		1	1	4	322,784
55-59						1		1	116,889
Totals	17	16	4	7	1	3	1	49	\$3,964,321

Group Averages:

Age: 37.4 years
Service: 9.7 years
Annual Pay: \$80,905

Active Members – Three-Year Summary

	2008		2007		2006	
	General	Police/Fire	General	Police/Fire	General	Police/Fire
Active Members	46	49	45	47	48	44
Valuation Payroll	\$2,556,797	\$3,964,321	\$2,439,975	\$3,830,348	\$2,536,917	\$3,335,579
Average Compensation	\$55,583	\$80,905	\$54,222	\$78,170	\$52,852	\$75,809
Average Age (yrs.)	50.2	37.4	49.3	37.2	48.2	37.5
Average Service (yrs.)	16.4	9.7	15.8	9.8	15.6	10.0



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, 2008
Actuarial Cost Method:	Individual Entry Age
Amortization method:	Level percent of payroll, closed
Remaining amortization period:	27 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%-8.2%

Membership data as of December 31, 2008 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

- (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	
2008	2010	12.67	14.59	902,340	

*Net of temporary full funding credit.

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

(b) After assumption change.