Gabriel Roeder Smith & Company
Consultants & Actuaries

CITY OF TAYLOR OTHER POSTEMPLOYMENT BENEFITS

ACTUARIAL VALUATION REPORT

JUNE 30, 2014

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GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries

One Towne Square
Suite 800
Southfield, MI 48076-3723

248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

November 16, 2015

Ms. Sheila Gorski
Director of Human Resources/Risk Management
City of Taylor
23555 Goddard Road
Taylor, Michigan 48180

Dear Ms. Gorski:

Submitted in this report are the results of an Actuarial Valuation of the benefit values associated with the employer financed retiree health benefits provided by the City of Taylor. The date of the valuation was June 30, 2014.

This report was prepared at the request of the City of Taylor and is intended for use by the Plan and those designated or approved by the City. This report may be provided to parties other than the City only in its entirety and only with the permission of the City. This report should not be relied on for any purpose other than the purpose described in the primary communication.

The purpose of the valuation is to measure the Plan's financial status, to determine the Annual Required Contribution for the fiscal years ending June 30, 2016 and June 30, 2017, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statements No. 43 and No. 45.

The valuation was based upon information furnished by the City concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the City.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

The signing actuaries are independent of the plan sponsor.

Brad Lee Armstrong and Abra D. Hill are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Respectfully submitted,

Brad Lee Armstrong, ASA, EA, MAAA

Abra D. Hill, ASA, MAAA

BLA/ADH:mrb

EXECUTIVE SUMMARY

Executive Summary

Annual Required Contribution

This report presents the annual required contribution calculated in compliance with the accounting requirements of Governmental Accounting Standards Board (GASB) Statements No. 43 and No. 45.

The Annual Required Contribution (ARC) for the fiscal year beginning July 1, 2015 is estimated to be $8,125,821 for the General group, $435,277 for the Court group, and $9,190,641 for the Police/Fire group. Actual claims and premiums paid on behalf of retirees may be treated as employer contributions in relation to the ARC and act to reduce the Net OPEB Obligation (NOO). The expected retiree health care claims and premium amounts paid during the fiscal year beginning July 1, 2015 are estimated to be $5,239,777 for the General group, $158,626 for the Court group, and $4,670,109 for the Police/Fire group. These amounts reflect the employer portion of the retiree only premium rates and the implicit subsidy for retirees and covered spouses. Therefore, the expected employer pre-funding contribution net of employee contributions that would result in a zero NOO for June 30, 2016 are $2,886,044 ($8,125,821-$5,239,777) for the General group, $276,651 ($435,277-$158,626) for the Court group, and $4,520,532 ($9,190,641-$4,670,109) for the Police/Fire group.

For additional details please see Section A of the report.

Additional OPEB Reporting Requirements

In addition to the annual OPEB cost described on the previous page, employers have to disclose a Net OPEB Obligation (or asset). The Net OPEB Obligation is the cumulative difference between annual OPEB costs and annual employer contributions in relation to the ARC, accumulated from the implementation of GASB Statement No. 45.

The requirements for determining the employer's contributions in relation to the ARC are described in paragraph 13 g. of GASB Statement No. 45. Additional information required to be disclosed in the employer's financial statements is detailed in paragraphs 24 through 27 of GASB Statement No. 45.

Liabilities and Assets

The present value of all benefits expected to be paid to current Plan members as of June 30, 2014 is $171,156,915 for the General group, $7,822,669 for the Court group, and $194,166,221 for the Police/Fire group. The actuarial accrued liability, which is the portion of the present value of all benefits attributable to service accrued by Plan members as of June 30, 2014, is $159,396,487 for the General group, $6,105,766 for the Court group, and $167,621,885 for the Police/Fire group. The assets currently set aside for GASB OPEB purposes as of June 30, 2014 are $0 for all groups.

SECTION A

VALUATION RESULTS

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTIONS FOR THE OTHER POSTEMPLOYMENT BENEFITS FISCAL YEARS ENDING JUNE 30, 2016 AND JUNE 30, 2017

	Development of the Annual Required Contribution for		
Contributions for	**General**	**Court**	**Police/Fire**
Total Normal Cost	$2,117,332	$205,124	$2,872,176
Amortization of Unfunded Actuarial Accrued Liabilities (Amortized over 30 years)	$6,008,489	$ 230,153	$6,318,465
Annual Required Contribution (ARC) For Fiscal Year Ending June 30, 2016	$8,125,821	$435,277	$9,190,641
ARC Per Active Participant	$ 95,598	$ 29,018	$ 75,333
Annual Required Contribution (ARC) For Fiscal Year Ending June 30, 2017	$8,195,919	$444,140	$9,352,300
ARC Per Active Participant	$ 96,423	$ 29,609	$ 76,658

The results on this page are calculated under the assumption that the employer funding policy is to contribute only the pay-as-you-go health care premium/claims contributions and have no plan assets. Under this policy, the employer should use an investment return assumption similar to that of the general fund earnings. **Therefore, the investment return assumption used to calculate the liabilities shown above is 4.0%.**

The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 30 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with GASB requirements.

Determination of Unfunded Actuarial Accrued Liability as of June 30, 2014

	General	Court	Police/Fire
A. Present Value of Future Benefits			
1. Retirees and Beneficiaries	$ 120,219,683	$ 3,446,320	$ 135,820,160
2. Retired Members in Deferral Period	12,376,017	0	1,823,425
3. Active Members	38,561,215	4,376,349	56,522,636
Total Present Value of Future Benefits	$ 171,156,915	$ 7,822,669	$ 194,166,221
B. Present Value of Future Employer Normal Costs	$ 11,760,428	$ 1,716,903	$ 26,544,336
C. Present Value of Future Contributions from Current Active Members	$ 0	$ 0	$ 0
D. Actuarial Accrued Liability (A.-B.-C.)	$ 159,396,487	$ 6,105,766	$167,621,885
E. Market Value of Assets	$ 0	$ 0	$ 0
F. Unfunded Actuarial Accrued Liability (D.-E.)	$ 159,396,487	$ 6,105,766	$167,621,885
G. Funded Ratio (E./D.)	0.0%	0.0%	0.0%

The results on this page are calculated under the assumption that the employer funding policy is to contribute only the pay-as-you-go health care premium/claims contributions and have no plan assets. Under this policy, the employer should use an investment return assumption similar to that of the general fund earnings. **Therefore, the investment return assumption used to calculate the liabilities shown above is 4.0%.**

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

COMMENTS

COMMENT A: One of the key assumptions used in any valuation of the cost of other post employment benefits (OPEB) is the rate of return on Plan assets. Higher assumed investment returns will result in a lower Annual Required Contribution (ARC). Lower returns will tend to increase the computed ARC. Based on our understanding of the City's funding policy and an absence of Plan assets as of June 30, 2014, we have calculated the liability and the resulting ARC using an assumed long term rate of investment of 4.0%.

COMMENT B: Based on the number of plan members as of this valuation, the plan sponsor is required by GASB to perform actuarial valuations at least biennially. If requested, an annual actuarial valuation would recompute the required contribution rate each year. This would permit fluctuations and trends in experience to be reflected in the contribution amount on a more frequent basis.

COMMENT C: The contribution amounts shown include amortization of the unfunded actuarial accrued liability over 30 years. This is the maximum time period permitted by the Governmental Accounting Standards Board Statement No. 45. A shorter amortization period would result in a higher ARC.

COMMENT D: Actual claims and/or premiums paid on behalf of retirees may be treated as employer contributions in relation to the ARC and act to reduce the Net OPEB Obligation (NOO). For the fiscal years ending June 30, 2016 and June 30, 2017, the estimated claims and/or premiums paid by the employer on behalf of retirees are as follows:

	With Implicit Rate		Without Implicit Rate	
	FYE 2016	FYE 2017	FYE 2016	FYE 2017
General	$5,239,777	$5,775,641	$4,691,013	$5,176,565
Court	158,626	176,306	150,760	163,980
Police/Fire	4,670,109	5,097,709	4,531,085	4,926,319

COMMENT E: The actuarial assumptions used to measure the rates of mortality have been updated in this valuation. The new mortality tables project longer life expectancies which have resulted in a higher ARC. The disability and salary assumptions for Court have also been updated. The remaining assumptions are believed to be reasonable, but suggest a more thorough review prior to completion of the next OPEB valuation. See section D for a further discussion of the actuarial assumptions used.

COMMENT F: Excise Tax on High-Cost Employer Health Plans (aka Cadillac Tax) Effective 1/1/2018. The "Cadillac" tax is a 40% excise tax paid by the coverage provider (employer and/or insurer) on the value of health plan costs in excess of certain thresholds. The thresholds are $10,200 for single coverage or $27,500 for family coverage in 2018. Many plans are below the thresholds today, but are likely to exceed them in the next decade. The thresholds will be indexed at CPI-U, which is lower than the medical inflation rates affecting the cost of the plans. There is considerable uncertainty about how the tax would be applied, and considerable latitude in grouping of participants for tax purposes. Combining early retiree and Medicare eligible retiree costs is allowed and can keep plans under the thresholds for a longer period of time.

For this Plan it is intended that, for purposes of the test, the pre and post Medicare members will be blended. The Plan Sponsor will need to decide whether to reduce benefits to avoid the tax, or how the additional cost will be allocated between the employer and the members. The excise tax is projected to be between 5%-10% of premiums. A 5.5% load was applied to all health care liabilities to approximate the cost for future excise tax.

COMMENT G: Overall, there was an experience loss as actuarial liabilities were higher than expected. This is largely due to the new mortality assumptions that were incorporated this year and the retiree health care trend being reset to 9%. Favorable experience on pre-65 premiums and a slight shift of post-65 HAP retirees to cheaper Medicare Advantage plans was offset by higher than expected premiums on the non-Medicare Advantage post-65 retirees. The impact of closing the Police Patrol will be assessed in the next reporting period.

COMMENT H: The Governmental Accounting Standards Board has released new standards (Statement number 74 effective for Plans with fiscal years beginning after June 15, 2016 and Statement number 75 effective for Employers with fiscal years beginning after June 15, 2017) related to Retiree Health plans that will materially impact the next actuarial valuation.

SECTION B

RETIREE PREMIUM RATE DEVELOPMENT

RETIREE PREMIUM RATE DEVELOPMENT

Initial premium rates were developed for the two classes of retirees (pre-65 and post-65). Members have healthcare coverage through fully-insured BCBSM plans, fully insured BCN plans or fully-insured HAP plans. The City also funds HRA payments directly to the provider for the gap between the High Deductible Plan and the member out-of-pocket liability (available only to Active employees and pre-65 retirees). Illustrative rates that include the HRA costs were provided. We used the rates which include the HRA costs in the development of the rates which will be used in the valuation. No savings from the move to high deductible plans + HRA wrap around. Savings from the move to the Medicare Advantage plans is reflected in the premium rates. Overall the composite retiree premiums since the July 1, 2012 valuation are consistent with expected trend increases but there has been a significant increase in the post-65 rates and little increase in the pre-65 rates.

All of the pre-65 BCBSM fully-insured premiums are assumed to be blended rates based on the combined experience of active and pre-65 retired members; therefore, there is an implicit employer subsidy for the non-Medicare eligible retirees since the average costs of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees. The true per capita cost for the pre-65 retirees is developed by adjusting the demographic differences between the active employees and retirees to reflect this implicit rate subsidy for the retirees. For the post-65 retirees, the fully-insured premium rate is used as the basis of the initial per capita cost without adjustments since the rate reflects the demographics of the post-65 retiree group.

The benefit options available to future retirees are different than current retirees. We have developed separate premium rates for future retirees in order to reflect the benefit differences since the differences are material.

Age graded and sex distinct premiums are utilized by this valuation. The premiums developed by the preceding process are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process “distributes” the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific premiums more accurately reflect the health care utilization and cost at that age.

RETIREE PREMIUM RATE DEVELOPMENT (CONCLUDED)

The combined monthly one-person medical, and drug premiums at select ages are shown below:

Current and Future Retirees

Future Retirees

Not Eligible for Medicare		
Age	**Male**	**Female**
45	$ 471.38	$ 617.13
50	637.74	722.60
55	833.52	856.78
60	1,047.13	1,006.53

Eligible for Medicare		
Age	**Male**	**Female**
65	$555.09	$511.16
70	640.29	575.75
75	710.83	630.84

Current Retirees

Not Eligible for Medicare		
Age	**Male**	**Female**
45	$495.83	$649.13
50	670.81	760.07
55	876.74	901.20
60	1,101.43	1,058.72

Eligible for Medicare		
Age	**Male**	**Female**
65	$893.46	$822.76
70	1,030.60	926.72
75	1,144.14	1,015.40

James E. Pranschke is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to certify the per capita retiree health care rates shown above.

James E. Pranschke

James E. Pranschke, FSA, MAAA

SECTION C

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

The plan provisions described in this section were compiled to the best of our ability based on information provided by the City. In some cases where information was limited, assumptions were made that were generally based on corresponding provisions in the Retirement System. In the event that any description contained herein differs from the actual eligibility or benefit, the appropriate employee contract or governing document will prevail. If you have reason to believe that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not described, or that conditions have changed since the calculations were made, you should contact the author of this report prior to relying on information in the report.

Retiree Health Care Benefit

***Amount* –** The City provides fully paid retiree health care for the retiree, spouse and eligible dependents.

Normal Retirement

***Eligibility* –** Any age with 20 or more years of service or age 60 regardless of service.

Deferred (Vested) Retirement

***Eligibility* –** 10 or more years of service. Benefit commences at date retirement would have occurred if member had remained in employment.

Duty Death Before Retirement Benefits

***Eligibility* –** Death while actively employed. Payable to the employee's un-remarried spouse for life and dependents per federal/state law.

Non-Duty Death Before Retirement Benefits

***Eligibility* –** Death while actively employed after 10 years of service. Payable to the employee's un-remarried spouse for life and dependents per federal/state law.

Death After Retirement

Upon the death of the retiree, the City continues coverage of retiree health care for the lifetime of the un-remarried spouse and dependents per federal/state law.

Duty Disability Retirement

***Eligibility* –** No age or service requirement.

Non-Duty Disability Retirement

***Eligibility* –** 5 or more years of service.

Opt-Out – The City offers $150/$300/$400 for single/two-person/family coverage respectively in lieu of retiree health care coverage.

Medicare Eligibility – Retirees are required to enroll in Medicare once eligible. The City reimburses the retiree for their Medicare Part B premium.

Dental/Optical – Retiree is responsible for dental and optical premiums.

Life Insurance – Retirees are not eligible for life insurance.

Retiree Health Care Benefit

Amount **–** The City provides fully paid retiree health care for the retiree, spouse and eligible dependents.

Members retired on or after 9/1/2011 and hired before 1/1/2012 - All active employees will be required to pay 10% of the annual premium or illustrative rate for medical and prescription drug coverage with an annual $2,500 cap.

Members hired on or after 1/1/2012 **–** No retiree benefit **–** (VEBA).

Normal Retirement

Eligibility **–** Any age with 20 or more years of service or age 60 regardless of service.

Deferred (Vested) Retirement

Eligibility **–** 10 or more years of service. Benefit commences at date retirement would have occurred if member had remained in employment.

Duty Death Before Retirement Benefits

Eligibility **–** Death while actively employed. Payable to the employee's un-remarried spouse for life.

Non-Duty Death Before Retirement Benefits

Eligibility **–** Death while actively employed after 10 years of service. Payable to the employee's un-remarried spouse for life.

Death After Retirement

Upon the death of the retiree, the City continues coverage of retiree health care for the lifetime of the un-remarried spouse.

Duty Disability Retirement

Eligibility - No age or service requirement.

Non-Duty Disability Retirement

Eligibility **–** 5 or more years of service.

Opt-Out – The City offers $150/$300/$400 for single/two-person/family coverage respectively in lieu of retiree health care coverage.

Medicare Eligibility – Retirees are required to enroll in Medicare once eligible.

Dental/Optical – Retiree is responsible for dental and optical premiums.

Life Insurance – Retirees are not eligible for life insurance.

Retiree Health Care Benefit

***Amount* –** The City provides fully paid retiree health care for the retiree, spouse and eligible dependents.

All retired employees will be required to pay 20% of the annual premium or illustrative rate for medical and prescription drug coverage up to an annual $4,500 (four thousand five hundred) cap. City health coverage is not available for Medicare eligible PSO retirees.

Normal Retirement

***Eligibility* –** Age 55 or greater with 25 or more years of service.

Deferred (Vested) Retirement

Public safety officers are not eligible for Deferred (Vested) Retirement.

Duty Death Before Retirement Benefits

Public safety officers are not eligible for Duty Death Before Retirement Benefits.

Non-Duty Death Before Retirement Benefits

Public safety officers are not eligible for Non-Duty Death Before Retirement Benefits.

Death After Retirement

Upon the death of the retiree, the City continues coverage of retiree health care for the lifetime of the un-remarried spouse.

Duty Disability Retirement

Public safety officers are not eligible for Duty Disability Retirement.

Non-Duty Disability Retirement

Public safety officers are not eligible for Non-Duty Disability Retirement.

Opt-Out – The City does not provide payment in lieu of retiree health care coverage.

Medicare Eligibility – Retirees are required to enroll in Medicare once eligible. City health coverage is not available for Medicare eligible POS retirees.

Dental/Optical – Retiree is responsible for dental and optical premiums.

Life Insurance – Retirees are not eligible for life insurance.

Retiree Health Care Benefit

Amount - The City provides fully paid retiree health care for the retiree, spouse and eligible dependents. Police Command retiring after July 1, 2006 pay 10% of retiree health care premiums capped at an annual maximum of $2,250.

Normal Retirement

Eligibility - Any age with 25 or more years of service or age 60 regardless of service.

Deferred (Vested) Retirement

Eligibility - 10 or more years of service. Benefit commences at date retirement would have occurred if member had remained in employment.

Duty Death Before Retirement Benefits

Eligibility - Death while actively employed. Payable to the employee's un-remarried spouse for life and dependents per federal/state law.

Non-Duty Death Before Retirement Benefits

Eligibility – Death while actively employed after 10 years of service. Payable to the employee's un-remarried spouse for life and dependents per federal/state law.

Death After Retirement

Upon the death of the retiree, the City continues coverage of retiree health care for the lifetime of the un-remarried spouse and dependents per federal/state law.

Duty Disability Retirement

Eligibility - No age or service requirement.

Non-Duty Disability Retirement

Eligibility – 5 or more years of service.

Opt-Out – The City offers $150/$300/$400 for single/two-person/family coverage respectively in lieu of retiree health care coverage.

Medicare Eligibility – Retirees are required to enroll in Medicare once eligible.

Dental/Optical – Retiree is responsible for dental and optical premiums.

Life Insurance – Retirees are not eligible for life insurance.

Retiree Health Care Benefit

Amount - The City provides fully paid retiree health care for the retiree, spouse and eligible dependents.

Employees retired on or after 9/6/2011 – Retirees shall pay a percentage of the City's monthly costs for the medical insurance plan selected in accordance with the following schedule:

Service	Medical Premium Retiree Co-Payment
Vested - 12 years	35% - No Cap
13 - 24 years	25% - No Cap
25 years & over	10% capped at an annual maximum of $2,000 for a family plan, $1,500 for a two-person plan and $1,000 for a one-person plan.

Normal Retirement

Eligibility - Age 55 with 25 or more years of service, or age 60 with 10 years of service.

Deferred (Vested) Retirement

Eligibility - 10 or more years of service. Benefit commences at date retirement would have occurred if member had remained in employment.

Duty Death Before Retirement Benefits

Eligibility - Death while actively employed. Payable to the employee's spouse for life.

Non-Duty Death Before Retirement Benefits

Eligibility **–** Death while actively employed after 10 years of service. Payable to the employee's spouse for life.

Death After Retirement

Upon the death of the retiree, the City continues coverage of retiree health care for the lifetime of the spouse.

Duty Disability Retirement

Eligibility - No age or service requirement.

Non-Duty Disability Retirement

Eligibility **–** 10 or more years of service.

Opt-Out – The City does not provide payment in lieu of retiree health care coverage.

Medicare Eligibility – Retirees are required to enroll in Medicare once eligible.

Dental/Optical – Retiree is responsible for dental and optical premiums.

Life Insurance – The City provides $6,000 of life insurance to retirees.

Retiree Health Care Benefit

Amount - The City provides fully paid retiree health care for the retiree, un-remarried spouse and eligible dependents.

Normal Retirement

Eligibility if Hired On or After 8/4/88 - Age 55 with 10 or more years of service or age 50 with 25 or more years of service.

Eligibility if Hired Before 8/4/88 - Earlier of: (a) Age 55 with 8 or more years of service (10 or more years if hired after 8/1/82), or (b) 25 years of service.

Early Retirement

Eligibility if Hired On or After 8/4/88 - Age 50 with 10 or more years of service.

Eligibility if Hired Before 8/4/88 - Earlier of: (a) Age 48 with 8 or more years of service (10 or more years if hired after 8/1/82), or (b) 18 years of service.

Deferred (Vested) Retirement

Eligibility - 8 or more years of service (10 or more years if hired after 8/1/82). Benefit commences at age 55.

Death Before Retirement Benefits

Eligibility - Death while actively employed after 8 or more years of service (10 or more years if hired after 8/1/82). Payable to the employee's un-remarried spouse for life.

Death After Retirement

Upon the death of the retiree, the City continues full coverage of retiree health care for the lifetime of the un-remarried spouse.

Disability Retirement

Eligibility if Hired On or After 8/4/88 - 10 years of service credited in System, and must be eligible to receive Social Security disability benefits.

Eligibility if Hired Before 8/4/88 - No age or service requirement, but must be eligible to receive Social Security disability benefits.

Opt-Out – The City does not provide payment in lieu of retiree health care coverage.

Medicare Eligibility – Retirees are required to enroll in Medicare once eligible.

Dental – Retiree is responsible for dental premiums.

Life Insurance – The City provides $6,000 of life insurance.

Retiree Health Care Benefit

Amount - The City provides fully paid retiree health care for the retiree, spouse and eligible dependents.

Normal Retirement

Eligibility if Hired On or After 8/4/88 - Age 55 with 10 or more years of service or age 50 with 25 or more years of service.

Eligibility if Hired Before 8/4/88 - Earlier of: (a) Age 55 with 8 or more years of service or (b) 25 years of service.

Early Retirement

Eligibility if Hired On or After 8/4/88 - Age 50 with 10 or more years of service.

Eligibility if Hired Before 8/4/88 - Earlier of: (a) Age 48 with 8 or more years of service or (b) 18 years of service.

Deferred (Vested) Retirement

Eligibility - 8 or more years of service (10 or more years if hired after 8/4/88). Benefit commences at age 55.

Death Before Retirement Benefits

Eligibility - Death while actively employed after 8 or more years of service (10 or more years if hired after 8/4/88). Payable to the employee's spouse for life.

Death After Retirement

Upon the death of the retiree, the City continues full coverage of retiree health care for the lifetime of the spouse.

Disability Retirement

Eligibility if Hired On or After 8/4/88 - 10 years of service credited in System, and must be eligible to receive Social Security disability benefits.

Eligibility if Hired Before 8/4/88 - No age or service requirement, but must be eligible to receive Social Security disability benefits.

Opt-Out – The City does not provide payment in lieu of retiree health care coverage.

Medicare Eligibility – Retirees are required to enroll in Medicare once eligible. The City reimburses the retiree for their Medicare Part B premium.

Dental – The City provides dental benefits for those retired after 7/1/99.

Life Insurance – The City provides $20,000 of life insurance.

Retiree Health Care Benefit

***Amount* –** The City provides fully paid retiree health care for the retiree, spouse and eligible dependents.

Employees Retired After 1/1/2011 The Medical premium co-payment shall extend to retirees. Retirees shall pay a percentage of the City's monthly cost for the medical insurance plan selected in accordance with the following schedule:

Service	Medical Premium Retiree Co-Payment
Vested - 12 years	35%
13 - 20 years	25%
21 years & over	10%

Normal Retirement

***Eligibility if Hired Before 05/18/88* -** Age 55 with 4 or more years of service or any age with 25 or more years of service.

***Eligibility if Hired Between 05/18/88 and 01/01/11* -** Age 55 with 5 or more years of service.

***Eligibility if Hired On or After 01/01/11* -** Age 55 with 25 or more years of service.

Early Retirement

Eligibility - Any age with 5 or more years of service (4 years if hired before 05/18/88).

Deferred (Vested) Retirement

Eligibility - 5 or more years of service (4 years if hired before 05/18/88). Benefit commences at age 55.

Death Before Retirement Benefits

Eligibility - Death while actively employed after 5 or more years of service (4 years if hired before 05/18/88). Payable to the employee's spouse for life.

Death After Retirement

Upon the death of the retiree, the City continues full coverage of retiree health care for the lifetime of the spouse.

Disability Retirement

Eligibility - No age or service requirement, but must be eligible to receive Social Security Disability Benefits.

SUMMARY OF BENEFITS AS OF JUNE 30, 2014

Opt-Out – The City does not provide payment in lieu of retiree health care coverage.

Medicare Eligibility – Retirees are required to enroll in Medicare once eligible.

Dental – The City provides dental benefits for retirees.

Vision – The City provides vision benefits for retirees.

Life Insurance – The City provides $30,000 of life insurance.

Retiree Health Care Benefit

***Amount* –** Effective November 6, 2013, all Non-Vested benefits have been eliminated.

Normal Retirement

Eligibility if Elected On or After 11/27/89 - Age 55 with 5 or more years of service.

Eligibility if Elected Before 11/27/89 - Age 55 with 4 or more years of service or any age with 25 or more years of service.

Early Retirement

Eligibility - Any age with 5 or more years of service (4 years if elected before 11/27/89).

Deferred (Vested) Retirement

Eligibility - 5 or more years of service (4 years if elected before 11/27/89). Benefit commences at age 55.

Death Before Retirement Benefits

Eligibility - Death while actively employed after 5 or more years of service (4 years if elected before 11/27/89). Payable to the employee's spouse for life.

Death After Retirement

Upon the death of the retiree, the City continues full coverage of retiree health care for the lifetime of the spouse.

Disability Retirement

Eligibility - No age or service requirement, but must be eligible to receive Social Security Disability Benefits.

Opt-Out – The City offers $150/$300/$400 for single/two-person/family coverage respectively in lieu of retiree health care coverage.

Medicare Eligibility – Retirees are required to enroll in Medicare once eligible.

Dental – Retiree is responsible for retired dental premiums.

Life Insurance – Retirees are not eligible for life insurance.

GENERAL – ACTIVE MEMBERS AS OF JUNE 30, 2014
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24								
25-29	1		1					2
30-34	1	2	4	1				8
35-39	4		3	1				8
40-44	2	2	2	9	3			18
45-49	1	1	3	6	2	3		16
50-54	1	2	5	6	4			18
55-59	2	2	6	1	2			13
60-64		1						1
65 & Over	1							1
Totals	**13**	**10**	**24**	**24**	**11**	**3**		**85**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age:	46.4	years
Service:	13.7	years

Note that active members reported as receiving retiree health benefits are valued as retirees and are not included above.

COURT – ACTIVE MEMBERS AS OF JUNE 30, 2014
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24	1							1
25-29								
30-34			2					2
35-39								
40-44				1				1
45-49	1		1	2	1			5
50-54						1	1	2
55-59			1	1				2
60-64			1					1
65 & Over	1							1
Totals	**3**		**5**	**4**	**1**	**1**	**1**	**15**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age:	47.4	years
Service:	14.3	years

Police/Fire – Active Members as of June 30, 2014
by Attained Age and Years of Service

Attained Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24	4							4
25-29	8	1						9
30-34	1	1	8					10
35-39	7	1	23	2				33
40-44	8		13	15	2			38
45-49	2		3	13	3			21
50-54	1		1	3				5
55-59					1			1
60-64					1			1
65 & Over								
Totals	**31**	**3**	**48**	**33**	**7**			**122**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 39.9 years
Service: 11.7 years

Note that Police Patrol/Public Safety members hired after 1/1/2012 are not eligible for retiree health care and are not included above.

RETIRED MEMBERS AS OF JUNE 30, 2014
BY ATTAINED AGE

General Retirees

Attained Age	Number of Retirees		
	Male	Female	Totals
Under 55	5	8	13
55-59	16	13	29
60-64	29	18	47
65 & Over	75	59	134
Totals	**125**	**98**	**223**

Court Retirees

Attained Age	Number of Retirees		
	Male	Female	Totals
Under 55	0	1	1
55-59	0	1	1
60-64	0	1	1
65 & Over	2	2	4
Totals	**2**	**5**	**7**

Police/Fire Retirees

Attained Age	Number of Retirees		
	Male	Female	Totals
Under 55	45	2	47
55-59	23	1	24
60-64	25	0	25
65 & Over	84	21	105
Totals	**177**	**24**	**201**

Only members currently receiving or eligible to receive OPEB benefits in the future were shown above. There are 215 retirees eligible for life insurance benefits and 22 retirees are valued as receiving a payment in lieu of benefits.

DEFERRED MEMBERS AS OF JUNE 30, 2014
BY ATTAINED AGE

General Members in Deferral Period

Attained Age	Number of Retirees		
	Male	Female	Totals
Under 50	13	3	16
50-55	5	3	8
Totals	**18**	**6**	**24**

Police/Fire Members in Deferral Period

Attained Age	Number of Retirees		
	Male	Female	Totals
Under 50	1	1	2
50-55	1	0	1
Totals	**2**	**1**	**3**

Only members currently receiving or eligible to receive OPEB benefits in the future were shown above.

SECTION D

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

VALUATION METHODS

Actuarial Cost Method. Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

(i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and

(ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities. Unfunded Actuarial Accrued Liabilities (UAAL) were amortized by a level (principal and interest combined) percent of payroll contribution. The UAAL were determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment is the level percent-of-payroll required to fully amortize the UAAL over a 30-year period beginning on the valuation date. This UAAL payment does not reflect any payments expected to be made between the valuation date and the fiscal year for which the contributions in this report have been calculated.

The salary increase assumption used in this actuarial valuation projects annual salary increases of 2.5% for General, 4.0% for Court, and 5.0% for Police/Fire plus a percentage based on an age or service based scale to reflect merit, longevity and promotional increases.

The rate of investment return (discount rate) under a Pay-As-You-Go arrangement was 4.0% per year compounded annually. This assumption is used to equate the value of payments due at different points in time. In an unfunded program the investment return assumption must be commensurate with potential earnings on the employers' general account assets.

The number of active members is assumed to remain constant in the future.

Unfunded actuarial accrued liabilities were amortized assuming a 3.5% growth rate which is the assumed ultimate health care trend.

The following amortization factors were used in developing the Annual Required Contribution for the fiscal years shown:

	Amortization	
	Years	**Factor**
Fiscal Year Beginning July 1, 2015	30	27.45755
Fiscal Year Beginning July 1, 2016	30	27.45755

The rates of salary increase used for individual members are in accordance with the following tables. This assumption is used to project a member's current salary to the salaries upon which future contributions will be based. General members were assumed to have a flat 2.5% salary increase regardless of age or service.

Police/Fire

	% Increase in Salary at Sample Ages		
Sample Age	**Base (Economic)**	**Merit & Longevity**	**Increase Next Year**
20	5.00 %	3.00 %	8.00 %
25	5.00	3.00	8.00
30	5.00	2.60	7.60
35	5.00	1.10	6.10
40	5.00	0.20	5.20
45	5.00	0.20	5.20
50	5.00	0.20	5.20
55	5.00	0.10	5.10
60	5.00	0.00	5.00

Court

	% Increase in Salary at Sample Ages		
Sample Age	**Base (Economic)**	**Merit & Longevity**	**Increase Next Year**
20	4.00 %	13.00 %	17.00 %
25	4.00	6.80	10.80
30	4.00	3.26	7.26
35	4.00	2.05	6.05
40	4.00	1.30	5.30
45	4.00	0.81	4.81
50	4.00	0.52	4.52
55	4.00	0.30	4.30
60	4.00	0.00	4.00

The mortality table used to project the mortality experience is the RP-2014 Healthy Annuitant Mortality Table for males and females. There is no provision for future mortality improvement in the current mortality assumption. The corresponding Disability and Employee tables were used to measure Disabled mortality and Pre-Retirement mortality, respectively. 90% of General and Court active member deaths were assumed to be non-duty deaths. 50% of Police/Fire active member deaths were assumed to be non-duty deaths. Sample values follow:

Healthy Retirees

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.41 %	0.28 %	32.47	35.15
55	0.57	0.36	28.18	30.66
60	0.78	0.52	24.03	26.25
65	1.10	0.80	20.01	22.00
70	1.68	1.29	16.19	17.97
75	2.68	2.09	12.66	14.23
Ref	#1135x1sb0yrs0Unisex		#1136x1sb0yrs0Unisex	

Disabled Retirees

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	2.04 %	1.19 %	22.84	27.26
55	2.34	1.45	20.19	23.92
60	2.66	1.70	17.54	20.65
65	3.17	2.09	14.87	17.41
70	4.03	2.82	12.26	14.28
75	5.43	4.10	9.80	11.40
Ref	#1137x1sb0yrs0Unisex		#1138x1sb0yrs0Unisex	

The normal retirement assumption used to measure the probability of eligible members retiring during the next year, were as follows:

Age Based Retirement

Retirement Ages	Percent of Eligible Active Members Retiring Within Next Year	
	Locals 1128 &1917	**Court**
50	50 %	
51	50	
52	50	
53	50	
54	50	
55	50	18 %
56	10	15
57	10	10
58	10	15
59	10	20
60	100	20
61		24
62		24
63		24
64		27
65		30
66		30
67		30
68		30
69		30
70		100

All General members not listed in the above table were assumed to retire at their earliest normal retirement age.

Service Based Retirement

Years of Service	Percent of Eligible Active Members Retiring Within Next Year: Police Corp/Patrol	Police Command	Fire
20	70 %		30 %
21	20		20
22	20		20
23	20		20
24	20		20
25	100	50 %	50
26		40	50
27		40	50
28		40	50
29		40	50
30		90	100
31		40	
32		100	

Police/Fire members not eligible for service retirement were assumed to retire no later than age 60.

Public Service Officers (Cadets) were assumed to retire at first eligibility.

The early retirement assumption used in the valuation was as follows:

For members in Local 1128 AFSCME and Local 1917 hired on or after 8/4/88, an early retirement rate of 5% was assumed for 5 years prior to normal retirement.

For all General members not listed above, an early retirement rate of 5% was assumed for 7 years prior to normal retirement.

Court Members

Retirement Ages	Percent of Eligible Active Members Retiring Early Within Next Year
50	2 %
51	2
52	3
53	5
54	8
55	4
56	4
57	4
58	6
59	8

Police/Fire are not eligible for early retirement.

ACTUARIAL ASSUMPTIONS (CONTINUED)

Rates of separation from active membership are used to estimate the number of employees at each age that are expected to terminate employment before qualifying for retirement benefits. The withdrawal rates do not apply to members eligible to retire, and do not include separation on account of death or disability.

Sample rates of separation from active employment are shown below:

Sample Ages	**Service Index**	**Percent of Active Members Separating Within Next Year**			
		General	**Court**	**Police**	**Fire**
ALL	0		18.0 %	10.0 %	8.0 %
	1		18.0	8.0	6.0
	2		16.0	6.0	4.5
	3		12.0	4.0	3.0
	4		10.0	3.0	2.0
20	5 & Over	7.9 %	9.0	3.0	2.0
25		7.7	9.0	3.0	2.0
30		7.2	9.0	2.6	1.7
35		6.3	7.0	1.5	0.9
40		5.2	5.0	0.6	0.34
45		4.0	4.0	0.3	0.3
50		2.6	4.0	0.3	0.3
55		0.9	3.0	0.3	0.3
60		0.1	3.0	0.3	0.3
65		0.0	2.0	0.3	0.3
Ref			263	14	13

Rates of disability among active members are used to estimate the incidence of member disability in future years. 100% of the General member disabilities were assumed to be non-duty, 85% of the Court member disabilities were assumed to be non-duty, and 50% of the Police/Fire member disabilities were assumed to be non-duty.

Sample Ages	Percent Becoming Disabled Within Next Year: Court	General and Police/Fire: Men	General and Police/Fire: Women
20	0.02 %	0.07 %	0.03 %
25	0.02	0.09	0.05
30	0.02	0.10	0.07
35	0.06	0.14	0.13
40	0.06	0.21	0.19
45	0.11	0.32	0.28
50	0.24	0.52	0.45
55	0.60	0.92	0.76
60	0.60	1.53	1.10
Ref	#612	#33	#34

Health care trend rates used in the valuation were as shown below:

Year	Medical and Drug Trend Rates
2015	9.00 %
2016	8.25
2017	7.50
2018	6.75
2019	6.25
2020	5.75
2021	5.25
2022	4.75
2023	4.25
2024	3.50
2025	3.50
2026	3.50
2027 & Later	3.50

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Decrement Operation: Disability and mortality decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during retirement eligibility.

Decrement Timing: Decrements of all types are assumed to occur mid-year.

Eligibility Testing: Eligibility for benefits is determined based upon the age nearest birthday and actual service on the date the decrement is assumed to occur.

Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

Marriage Assumption: 100% of General members, 70% of Court members, and 90% of Police/Fire members are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.

Medicare Coverage: Assumed to be available for all covered employees on attainment of age 65.

Election Percentage: It was assumed that 85% of retirees would choose to receive retiree health care benefits through the City. Of those assumed to elect coverage, 76% are assumed to elect two-person coverage, if eligible. For those that elect two-person coverage, it was assumed that coverage would continue to the spouse upon death of the retiree, if eligible.

Loads: Health care liabilities for deferred retirees are loaded 160% for potential spouses.

Health Care Trend Rates: Health care trend rates were assumed to increase on July 1 each year.

Opt Out: Retirees who have opted out of health care are assumed to continue opting out. Retirees who receive payments in lieu of health care are assumed to receive their current payment amount for life.

Retirees not age eligible are assumed to begin receiving benefits at the age they become eligible.

Excise Tax: All costs were increased by 5.5% to reflect the projected excise tax from the Affordable Care Act.

GASB STATEMENTS NO. 43 AND NO. 45
REQUIRED SUPPLEMENTARY INFORMATION

Valuation Date	June 30, 2014
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Percent Open
Remaining Amortization Periods	30 Years
Asset Valuation Method	N/A
Actuarial Assumptions:	
Discount Rates	4.0% per Year
Projected Salary Increases	2.5% for General 4.0% - 17.0% for Court 5.0% - 8.0% for Police/Fire
Expected Health Care Cost Trend Rate	9% initial down to 3.5% ultimate over 10 years

GASB Statements No. 43 and No. 45
Required Supplementary Information (Concluded)

Schedule of Funding Progress

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008	$ 0	$ 173,173,410	$ 173,173,410	0.0 %	N/A	N/A
2010	0	208,546,075	208,546,075	0.0	$ 12,239,209	1704%
2012	0	232,697,568	232,697,568	0.0	12,057,769	1930%
2014	0	333,124,138	333,124,138	0.0	11,720,401	2842%

Schedule of Employer Contributions

Valuation Date June 30	Fiscal Year Ending June 30	Annual Required Contribution	Annual OPEB Costs	Estimated Amount Contributed *	Percentage of ARC Contributed	Percentage of OPEB Costs Contributed	Net OPEB Obligation
2008	2009	$ 12,759,379	$ 12,759,379	$ 5,493,593	43.1%	43.1%	$ 7,265,786
2008	2010	13,221,333	13,291,601	6,076,430	46.0%	45.7%	14,480,957
2010	2011	13,465,246	13,517,091	6,014,261	44.7%	44.5%	21,983,787
2010	2012	13,692,137	13,770,844	6,658,622	48.6%	48.4%	29,096,009
2012	2013	13,674,671	13,778,841	7,066,366	51.7%	51.3%	35,808,484
2012	2014	13,900,300	14,028,502	7,711,008	55.5%	55.0%	42,125,978
2012	2015	14,397,330	14,548,150	8,264,724	57.4%	56.8%	48,409,404
2014	2016	17,751,739	17,925,055	N/A	N/A	N/A	N/A
2014	2017	17,992,359					

* *Estimated pay-as-you-go costs from the actuarial valuation.*

This information is presented in draft form for review by the Plan and/or City auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the Plan and/or City financial statements.

APPENDIX A

GASB BACKGROUND AND STANDARDS

GASB BACKGROUND AND STANDARDS

The purpose of this valuation is to provide information on the cost associated with providing postemployment benefits other than pensions, or OPEB, to current and former employees. OPEB benefits are most often associated with postemployment health care, but cover almost any benefit not provided through a pension plan, including life insurance, dental and vision benefits. It is important to note that OPEB benefits, by definition, do not include benefits *currently* being provided to active employees, however, this report includes the liabilities for benefits expected to be paid to current active employees when they terminate employment at a future date.

The GASB determined that an OPEB plan was similar to a pension plan in that benefits are earned during an active employee's working lifetime but paid out at a future date. In the GASB's view, accounting for OPEB should follow the same basic principle as accounting for public plan pension costs. These benefits are compensation for employees' services and should be accounted for during the period of time that services are performed.

Unlike pension plans, OPEB plans often do not have a formal document detailing the specific terms of the plan. Under GASB Statements No. 43 and No. 45 the benefits to be accounted for are those provided by the *substantive plan* – loosely defined as the benefits covered by the plan as understood by the employer and plan members at the time of each actuarial valuation. The substantive plan provisions used in this valuation are summarized in Section C.

The specific items required to be disclosed on an OPEB sponsor's financial statements are described in detail in GASB Statements No. 43 and No. 45. In general terms, though, the plan sponsor is required to disclose an annual OPEB cost, the funded status of the plan and the funding progress on the valuation date.

Although GASB does not require OPEB contributions, it has chosen to call the base component of the annual OPEB cost the Annual Required Contribution, or ARC. The ARC consists of the cost of benefits accruing in a year plus an amount calculated to amortize any unfunded actuarial accrued liability over a period of not more than 30 years.

GASB BACKGROUND AND STANDARDS (CONCLUDED)

The funded status of the plan is a ratio of the plan's assets (if any) to the actuarial accrued liability on the valuation date. The plan is also required to disclose the cumulative difference between the annual OPEB costs and the employer's actual contribution to the plan. This amount is known as the Net OPEB Obligation (NOO). Each year, the NOO accumulates with interest, plus the difference between the ARC and actual contributions for the year, plus some technical adjustments. **For most plans the NOO is set to zero as of the effective date of the GASB OPEB standard. It is the NOO, and not the actuarial accrued liability, that will be disclosed on the employers' Statement of Net Assets.**

APPENDIX B

GLOSSARY

GLOSSARY

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution (ARC). The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

Governmental Accounting Standards Board (GASB). GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

Medical Trend Rate (Health Care Inflation). The increase in the cost of providing health care benefits over time. Trend includes such elements as pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Other Postemployment Employee Benefits (OPEB). OPEB are postemployment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription drugs or other health care benefits.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

Valuation Assets. The value of current plan assets recognized for valuation purposes.

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries
One Towne Square
Suite 800
Southfield, MI 48076-3723
248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

November 16, 2015

Ms. Sheila Gorski
City of Taylor
23555 Goddard Road
Taylor, Michigan 48180

Re: City of Taylor Other Postemployment Benefits Valuation

Dear Ms. Gorski:

Enclosed are 15 copies of our report of the actuarial valuation of City of Taylor Other Postemployment Benefits.

Respectfully submitted,

Brad Lee Armstrong

Brad Armstrong, ASA, EA, MAAA

BLA:mrb
Enclosures