

**CITY OF TAYLOR GENERAL EMPLOYEES
RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT
AS OF DECEMBER 31, 2010**

OUTLINE OF CONTENTS

Page	Items
--	<i>Cover Letter</i>
	<i>Valuation Results, Comments and Conclusions</i>
A-1	Computed City Contributions
A-3	Comments
	<i>Valuation Data</i>
B-1	Reported Fund Balance (Market Value)
B-2	Reported Revenues and Expenses
B-3	Derivation of Funding Value of Assets
B-4	Active Member Data
B-5	Retired Member Data
B-6	Terminated Vested Member Data
	<i>Valuation Assumptions</i>
C-1	Valuation Assumptions
C-5	Definitions of Technical Terms
D-1	<i>Summary of Benefit Provisions</i>
	<i>Financial Reporting</i>
E-1	Actuarial Accrued Liability
E-2	Schedule of Funding Progress
E-3	Contributions and Notes

November 6, 2012

Board of Trustees
City of Taylor General
Employees Retirement System
Taylor, Michigan

Ladies and Gentlemen:

The results of the December 31, 2010 Actuarial Valuation of the City of Taylor General Employees Retirement System are presented in this report. The purpose of the annual valuation is to measure the system's funding progress, to determine the City's contribution rate for the fiscal year beginning July 1, 2012 in accordance with established funding policies, and to determine actuarial information for Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27. The results of the valuation may not be applicable for other purposes.

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. This report does not contain an analysis of the potential range of such future measurements.

A summary of valuation results, comments, conclusions, and our statement by enrolled actuary are contained in Section A.

The valuation was based upon information, furnished by the City, concerning individual participants, terminated participants, retired participants and beneficiaries, plan benefits and financial transactions and assets. Data was checked for reasonableness and missing information, but was not otherwise audited. This information is summarized in Section B.

Descriptions of the actuarial valuation process, actuarial assumptions and definitions of technical terms are contained in Section C.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. We certify that the information contained in this report is accurate and fairly presents the actuarial position of the City of Taylor General Employees Retirement System 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. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

City of Taylor General Board of Trustees

November 6, 2012

Page 2

The signing actuaries are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,



Brad Lee Armstrong,
ASA, FCA, EA, MAAA



Randall J. Dziubek
ASA, EA, MAAA

BLA/RJD:sc

SECTION A

VALUATION RESULTS, COMMENTS AND CONCLUSIONS

**COMPUTED CITY CONTRIBUTIONS
FOR THE FISCAL YEAR BEGINNING JULY 1, 2012
ACTUARIAL VALUATION AS OF
DECEMBER 31, 2010**

		EAN AAL [#]	PVFNC [@]
1. Actuarial Present Value of All Past and Future Benefits:			
- Active	\$ 16,687,432	\$ 14,287,997	\$ 2,399,435
- Retired & Terminated Vested	\$ 57,920,623	\$ 57,920,623	\$ -
- Total	\$ 74,608,055	\$ 72,208,620	\$ 2,399,435
2. Funding Value of Assets	\$ 47,695,134	\$ 47,695,134	
3. Unfunded Actuarial Accrued Liability for Reporting (1) - (2)		\$ 24,513,486	
4. Actuarial Present Value of Future Employee Contributions	\$ 1,523,006		
5. Remaining Unfunded Present Value of Benefits After Recognition of Funding Value of Assets and Future Employee Contributions (1) - (3) - (4)	\$ 25,389,915		
6. (5) x 1.08 ^{0.75} as of 10/1/2011, Minus \$2,657,993 Contribution	\$ 24,240,569		
7. Amortization Period for Funding	<u>13 years</u> 8.536078		
8. City's Annual Normal Cost * (6) / (7) x 1.08	\$ 3,066,961		

* This is expected to be contributed on October 1, 2012. If contributions are delayed, interest should be added at a rate of .00643 for each month of delay.

Entry Age Normal Actuarial Cost Method for purposes of GASB No. 50 reporting. Refer to page E-2.

@ Present Value of Future Normal Cost under Entry Age Normal Actuarial Cost Method.

**PROJECTION OF REQUIRED CONTRIBUTIONS
AS OF DECEMBER 31, 2010**

Valuation Date	Contribution For Fiscal Year Beginning	Unfunded Present Value of Benefits*	Projected Annual Dollar Contribution#
12/31/2009	7/1/2011	\$ 22,970,952	\$ 2,657,993
12/31/2010	7/1/2012	25,389,915	3,066,961
12/31/2011	7/1/2013	27,388,741	3,443,329
12/31/2012	7/1/2014	29,224,731	3,854,608
12/31/2013	7/1/2015	27,991,812	3,845,028
12/31/2014	7/1/2016	26,436,812	3,867,948
12/31/2015	7/1/2017	24,767,403	3,892,904
12/31/2016	7/1/2018	22,861,378	3,904,232
12/31/2017	7/1/2019	20,733,293	3,906,875
12/31/2018	7/1/2020	18,419,899	3,909,004
12/31/2019	7/1/2021	15,913,849	3,910,005
12/31/2020	7/1/2022	13,201,974	3,909,988
12/31/2021	7/1/2023	10,270,874	3,909,219
12/31/2022	7/1/2024	7,104,860	3,907,230
12/31/2023		3,686,080	
12/31/2024		0	

* Years after 12/31/2010 represent projected amounts as of the corresponding valuation date.

Years after 12/31/2010 represent projected amounts for the corresponding fiscal year.

COMMENTS

Comment A: The Retirement System assets plus future employee contributions are not sufficient to pay for the present value of all past and future benefits expected to be paid as shown from the valuation results on page A-1. Therefore, it is necessary for the City to make contributions in order to fund the benefit promises of the remaining active members. The computed City contribution increased by \$408,968 for the fiscal year beginning July 1, 2012 when compared to the fiscal year beginning July 1, 2011. The primary source of the increase was 5-year trailing investment experience (the recognized rate of return was 2.5% compared with an assumed rate of return of 8.0%. Refer to page B-3 for more detail).

Comment B: The auditors have stopped including the Allmerica assets in Retirement System assets effective 12/31/2005. The entirety of this report does not include any liabilities associated with purchased annuities from Allmerica.

Comment C: On page E-2 of this report, we have developed the entry age actuarial accrued liability as of December 31, 2010 for purposes of complying with the Governmental Accounting Standards Board Statement No. 50. This is a method of reporting that measures funding progress. This has no effect on contributions or obligations of the General Employees Retirement System.

Comment D: Liabilities associated with the post-retirement health care benefits are not recognized in this report. Based on our understanding of MI P.A.28, IRC 401(h) and IRC 420, expenditures for health care are not available from Retirement System assets for fiscal year 2011/2012. In light of Governmental Accounting Standards Board Statement No. 45 and Internal Revenue Code restrictions, we believe it is in the best interest of all stakeholders in the City of Taylor that a separate trust be established to provide post-retirement health care benefits for General, Police and Firefighter groups.

Comment E: The December 31, 2010 valuation includes the benefit changes for the TGMA group, namely the interest rate earned on contributions decreased from 5% to 2%, and the implementation of a 2.25% multiplier for each year of service accrued on or after January 1, 2011 up to a 65% maximum of the members' Final Average Compensation. In addition it was assumed that the TGMA group would receive 0% pay increases through 2013. The above changes decreased the City contribution for the fiscal year beginning July 1, 2012 by \$18,976.

SECTION B
VALUATION DATA

REPORTED FUND BALANCE (MARKET VALUE)

	Reported Fund Balance	
	12/31/2010	12/31/2009
Fund for Active Employees and for Pension Payments Being Paid by the Plan	\$ -	\$ -
Reserve for Pension Payments Being Paid Directly by Allmerica	-	-
Merrill Lynch Accounts		
-Active Reserve (\$3,556,954 member contributions)	\$ 3,556,954	\$ 4,208,910
-Terminated Vested Reserve	1,427,759	3,687,235
-Retired Reserve	56,492,864	48,307,154
Excess of Reserves over Assets	<u>(18,842,874)</u>	<u>(14,343,602)</u>
 Total Fund Balance	 \$ 42,634,703	 \$ 41,859,697

Valuation assets are equal to reported market value of assets.

Accounts consisted of:

	12/31/2010	12/31/2009
Cash & Short-Term	\$ 910,735	\$ 2,630,719
Government Bonds	9,420,178	9,095,704
Corporate Bonds	6,597,100	6,605,223
Common Stocks	21,873,591	19,708,139
Foreign Equities	3,833,099	3,819,912
	<u>\$ 42,634,703</u>	<u>\$ 41,859,697</u>

**REVENUES AND EXPENSES
FOR THE PERIOD 1/1/2010 – 12/31/2010**

	Fund for Active Employees and for Pension Payments Paid by the System 2010	Merrill Lynch Accounts 2010	Accounts Receivable 2010	Total
Balance - January 1	\$ -	\$ 41,859,697	\$ -	\$ 41,859,697
Revenues				
Contributions	-	2,776,138	-	2,776,138
Investment income	-	2,749,561	-	2,749,561
Dividends	-	1,075,652	-	1,075,652
Expenses				
Benefit payments	-	5,717,679	-	5,717,679
Transfer	-	-	-	-
Investment & Administrative Expenses	-	108,666	-	108,666
Balance - December 31	\$ -	\$ 42,634,703	\$ -	\$ 42,634,703

**DERIVATION OF FUNDING VALUE OF ASSETS
MARKET VALUE WITH 20% RECOGNITION
OF EXCESS INVESTMENT INCOME**

	2005	2006	2007	2008	2009	2010
Beginning of Year Values						
(1) Market Value	\$ 51,318,249	\$ 51,896,828	\$ 49,717,839	\$ 51,513,085	\$ 39,026,639	\$ 41,859,697
(2) Funding Value	54,143,034	52,787,639	49,360,858	51,585,325	50,454,804	49,527,962
End of Year						
(3) Market Value	51,896,828	49,717,839	51,513,085	39,026,639	41,859,697	42,634,703
(4) Net Addition to Assets Excluding Investment Income#	(2,719,703)	(6,035,419)	(2,310,310)	(2,341,264)	(2,075,486)	(3,050,207)
(5) Total Net Investment Income# = (3) - (1) - (4)	3,298,282	3,856,430	4,105,556	(10,145,182)	4,908,544	3,825,213
(6) Projected Net Rate of Return#	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
(7) Projected Investment Income = (6) x [(2) + 0.5 x (4)]	4,222,655	3,981,594	3,856,456	4,033,175	3,953,365	3,840,229
(8) Investment Income in Excess of Projected	(924,373)	(125,164)	249,100	(14,178,357)	955,179	(15,016)
Excess Investment Income Recognized						
(9a) Current Year = .20 x (8)	(184,875)	(25,033)	49,820	(2,835,671)	191,036	(3,003)
(9b) One Year Prior	173,329	(184,875)	(25,033)	49,820	(2,835,671)	191,036
(9c) Two Years Prior	665,079	173,329	(184,875)	(25,033)	49,820	(2,835,671)
(9d) Three Years Prior	(2,001,454)	665,079	173,329	(184,875)	(25,033)	49,820
(9e) Four Years Prior	(1,510,426)	(2,001,456)	665,080	173,327	(184,873)	(25,032)
(9f) Total Cap. Val. Change Recogn. = (9a) + (9b) + (9c) + (9d) + (9e)	(2,858,347)	(1,372,956)	678,321	(2,822,432)	(2,804,721)	(2,622,850)
(10) Increase(Decr.) in Funding Value = (4) + (7) + (9f)	(1,355,395)	(3,426,781)	2,224,467	(1,130,521)	(926,842)	(1,832,828)
End of Year						
(11) Market Value	\$ 51,896,828	\$ 49,717,839	\$ 51,513,085	\$ 39,026,639	\$ 41,859,697	\$ 42,634,703
(12) Funding Value = (2) + (10)	\$ 52,787,639	\$ 49,360,858	\$ 51,585,325	\$ 50,454,804	\$ 49,527,962	\$ 47,695,134
(13) Funding Value Rate of Return	2.6%	5.2%	9.4%	2.4%	2.3%	2.5%
(14) Funding Value / Market Value	102%	99%	100%	129%	118%	112%

Net of investment expenses.

The derivation of Valuation Assets recognizes projected investment income (line 7) fully each year. Differences between total and projected investment income (line 8) are phased-in over a closed 5 year period. During periods when investment performance exceeds the projected rate, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will be greater than Market Value. The Valuation Assets are unbiased with respect to Market Value. At any time it may be either greater or less than Market Value. If actual and projected rates of investment income are exactly equal for 4 consecutive years, Valuation Assets will be equal to Market Value.

TOTAL ACTIVES - DECEMBER 31, 2010
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.	Valuation Payroll
25-29		2						2	\$ 95,533
30-34		1	7					8	442,313
35-39		1	7	5	1			14	731,577
40-44			14	4	2			20	1,227,533
45-49		4	9	5	7			25	1,311,396
50-54		1	12	4	6			23	1,314,136
55-59		3	2		1			6	296,402
61					1			1	48,467
62				1				1	54,639
66			1					1	46,838
71							1	1	30,426
Totals	0	12	52	19	18	0	1	102	\$5,599,260

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

Group Averages:

Age: 45.6 years

Service: 14.8 years

Annual Pay: \$54,895

**FLIC RETIREES AND BENEFICIARIES
(NON-PURCHASED ANNUITIES)
TABULATED BY ATTAINED AGES**

Attained Ages	No.	Annual Pensions
36	1	\$ 24,000
37	1	13,541
39	2	23,510
40	2	14,204
42	1	24,756
43	1	11,165
44	1	47,142
45	1	26,893
46	1	4,640
47	2	20,969
48	2	39,066
49	5	158,269
50	1	3,941
51	4	154,544
52	2	14,332
53	6	147,770
54	10	285,260
55	12	372,123
56	9	338,241
57	11	223,033
58	6	182,581
59	10	265,590
60	9	343,883
61	12	470,610
62	7	244,803
63	8	164,985
64	9	160,344
65	7	140,746
66	7	167,813
67	8	140,273
68	9	183,310
69	6	144,682
70	14	275,433
71	2	35,518
72	3	44,503
73	8	207,205
74	3	43,154
75	7	175,014
76	5	189,203
77	1	19,177
79	1	26,604
80	3	99,788
81	2	86,675
82	1	126,174
Totals	223	\$5,885,467

**TERMINATED VESTED MEMBERS
TABULATED BY ATTAINED AGES
DECEMBER 31, 2010**

Attained Ages	Estimated	
	No.	Annual Benefits
34	1	\$ 15,348
37	1	11,857
40	3	64,094
42	1	21,986
43	1	7,450
45	3	103,284
46	1	20,769
49	1	29,505
50	1	8,979
51	1	11,609
54	1	11,543
Totals	15	\$306,424

SECTION C

VALUATION ASSUMPTIONS

VALUATION ASSUMPTIONS

The rate of investment return (net of investment expenses) used in the valuation was 8.0%.

The annual rate of salary increase used in the valuation was 2.5%. Projected salary increases for TGMA group were assumed to be 0% for years 2011, 2012 and 2013.

The mortality table used in the valuation to measure mortality is the 1971 Group Annuity Mortality Table projected to 1984, set back 0 years for men and 6 years for women. Some sample rates are shown below. Post-disability mortality is set forward 10 years. No margin for future improvement in longevity was included.

Sample Ages	Single Life Values			
	Present Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	\$128.99	\$136.93	27.53	32.93
55	120.81	130.44	23.28	28.40
60	110.81	122.57	19.27	24.11
65	98.93	112.97	15.55	20.05
70	85.89	101.45	12.25	16.27
75	72.86	88.53	9.49	12.87

VALUATION ASSUMPTIONS

Sample Rates of Separation from Active Employment Before Retirement, Death or Disability

Sample Ages	Percent of Active Members Separating Within Next Year
20	7.94%
25	7.72
30	7.22
35	6.28
40	5.15
45	3.98
50	2.56
55	0.94
60	0.09

Probabilities of Becoming Disabled

Sample Ages	Percent Becoming Disabled During Next Year	
	Men	Women
20	0.07%	0.03%
25	0.09	0.05
30	0.10	0.07
35	0.14	0.13
40	0.21	0.19
45	0.32	0.28
50	0.52	0.45
55	0.92	0.76

VALUATION ASSUMPTIONS

The *normal retirement* assumption used in the valuation was as follows:

For all members from Local 1128 AFSCME and Local 1917:

Retirement Ages	Percent of Active Members Retiring Within Next Year
50	50%
51	50%
52	50%
53	50%
54	50%
55	50%
56	10%
57	10%
58	10%
59	10%
60	100%

All other members were assumed to retire at their earliest normal retirement age.

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 members in all other groups, an early retirement rate of 5% was assumed for 7 years prior to normal retirement.

The *actuarial cost method* used in the valuation was the Aggregate Cost Method.

Assets and liabilities held by Allmerica were excluded effective with the 2006 report.

SUMMARY OF ASSUMPTIONS USED
DECEMBER 31, 2010
MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Marriage Assumption:	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits.
Pay Increase Timing:	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
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 service nearest whole year on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and mortality decrements do not operate during the first 5 years of service. Disability and separation do not operate during retirement eligibility.
Normal Form of Benefit:	The assumed normal form of benefit is the straight life form.
Loads:	The present value of future benefits for actives was loaded by 1.5% for groups that include vacation and sick leave banks in final average compensation.
Incidence of Contributions:	City contributions are assumed to be received 21 months after the valuation date. New entrant normal cost contributions, if any, will be computed annually as they occur.

DEFINITIONS OF TECHNICAL TERMS

Actuarial Accrued Liability. The difference between the actuarial present value of system benefits and the actuarial present value of future normal costs. Also referred to as "past service liability".

Actuarial Assumptions. Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, 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 benefits" between future normal costs and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Actuarial Equivalent. One series of payments is said to be actuarially equivalent to another series of payments if the two series have the same actuarial present value.

Actuarial Gain (Loss). The difference between actual unfunded actuarial accrued liabilities and anticipated unfunded actuarial accrued liabilities -- during the period between two valuation dates. It is a measurement of the difference between actual and expected experience.

Actuarial Present Value. The amount of funds currently required to provide a series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments.

DEFINITIONS OF TECHNICAL TERMS (CONCLUDED)

Aggregate Cost Method is a method where the Actuarial Present Value of Projected Benefits of the group included in the valuation, less the sum of the Funding Value of Assets and the Actuarial Present Value of Future Member Contributions is allocated over a future scheduled period. This allocation is performed for the group as a whole, not as a sum of individual allocations. The portion of this Actuarial Present Value allocated to a specific year is called the **City's Annual Normal Cost**. Under this method, actuarial gains (losses) reduce (increase) future Normal Costs.

Funding Value of Assets. Also referred to as actuarial value of assets, smoothed market value of assets, or valuation assets.

Valuation assets recognize assumed investment return fully each year. Differences between actual and assumed investment return are phased in over a closed 5 year period. During periods when investment performance exceeds the assumed rate, valuation assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, valuation assets will tend to be greater than market value. If assumed rates are exactly realized for 4 consecutive years, valuation assets will become equal to market value.

Normal Cost. The portion of the actuarial present value of future benefits that is assigned to the current year by the actuarial cost method. Sometimes referred to as "current service cost".

Unfunded Actuarial Accrued Liabilities. The difference between actuarial accrued liabilities and valuation assets. Sometimes referred to as "unfunded past service liability" or "unfunded supplemental present value".

SECTION D

SUMMARY OF BENEFIT PROVISIONS

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
LOCAL 1128 AFSCME
(FOR MEMBERS HIRED BEFORE 8/4/88)**

Normal Retirement

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

Annual Amount - In accordance with the following:

Years of Service	Annual Benefit as a % of Final Average Earnings
8 or more (hired before 8/1/82)	55.00%
10 or more (hired after 8/1/82)	55.00

Type of Final Average Compensation - Average of best 5 years prior to retirement date.

Early Retirement

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

Annual Amount - Computed as a normal retirement benefit based on final average compensation at early retirement date, multiplied by a fraction made up of the number of years of service at early retirement divided by the number of years of potential service at normal retirement, and multiplied by the Table A actuarial reduction factor to reflect retirement prior to normal retirement date.

Late Retirement

Eligibility - Any age after normal retirement date.

Annual Amount - Computed as a normal retirement benefit but increased by 2% of final average compensation at late retirement date for each year worked between the normal retirement date and the late retirement date.

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.

Annual Amount - Computed as a normal retirement benefit based on service and final average compensation at time of termination of employment.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
LOCAL 1128 AFSCME
(FOR MEMBERS HIRED BEFORE 8/4/88)
(CONCLUDED)**

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 spouse for life.

Annual Amount - Equal to 50% of the retirement benefit the employee could have received if eligible for retirement at date of death. If the employee is not eligible to retire at date of death, the benefit begins at earliest date the employee could have retired had the employee survived. If the employee is not married at date of death, or has less than the required years of service, the employee's named beneficiary will receive a refund of employee's contributions with interest.

Death After Retirement

In accordance with optional form of benefit elected by employee, if any.

Disability Retirement

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

Annual Amount - 66 2/3% of earnings with a maximum benefit of \$2,000/month. The benefit is re-calculated at normal retirement based on normal retirement benefit formula.

Member Contributions - 5% of compensation.

Interest on Member Contributions - 5% Annually.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
LOCAL 1917
(FOR MEMBERS HIRED BEFORE 8/4/88)**

Normal Retirement

Eligibility - Earlier of: (a) Age 55 with 8 or more years of service and (b) 25 years of service.

Annual Amount - In accordance with the following:

<u>Years of Service</u>	<u>Annual Benefit as a % of Final Average Earnings</u>
8 or more	55.00%

Type of Final Average Compensation - Average of best 5 years prior to retirement date.

Early Retirement

Eligibility - Earlier of: (a) Age 48 with 8 or more years of service and (b) 18 years of service.

Annual Amount - Computed as a normal retirement benefit based on final average compensation at early retirement date and multiplied by the Table A actuarial reduction factor to reflect retirement prior to normal retirement date.

Late Retirement

Eligibility - Any age after normal retirement date.

Annual Amount - Computed as a normal retirement benefit but actuarially increased to reflect late retirement on the basis of the factors specified in Table H, and based on final average compensation at late retirement date.

Deferred (Vested) Retirement

Eligibility - 8 or more years of service. Benefit commences at age 55.

Annual amount - Computed as a normal retirement benefit based on service and final average compensation at time of termination of employment.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
LOCAL 1917
(FOR MEMBERS HIRED BEFORE 8/4/88)
(CONCLUDED)**

Death Before Retirement Benefits

Eligibility - Death while actively employed after 8 or more years of service. Payable to the employee's spouse for life.

Annual Amount - Equal to 50% of the retirement benefit the employee could have received if eligible for retirement at date of death. If the employee is not eligible to retire at date of death, the benefit begins at earliest date the employee could have retired had the employee survived. If the employee is not married at date of death, or has less than the required years of service, the employee's named beneficiary will receive a refund of employee's contributions with interest.

Death After Retirement

In accordance with optional form of benefit elected by employee, if any.

Disability Retirement

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

Annual Amount - 66 2/3% of earnings with a maximum benefit of \$1,500/month. The benefit is re-calculated at normal retirement based on normal retirement benefit formula.

Member Contributions - 5% of compensation.

Interest on Member Contributions - 5% Annually.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
TAYLOR GOVERNMENTAL MANAGEMENT AND ADMINISTRATIVE
EMPLOYEES ASSOCIATION
(FOR MEMBERS HIRED BEFORE 5/18/88)**

Normal Retirement

Eligibility - Age 55 with 4 or more years of service or any age with 25 or more years of service.

Annual Amount - In accordance with the following:

<u>Years of Service</u>	<u>Annual Benefit as a % of Final Average Earnings</u>
4	30.00%
5	36.25
6	42.50
7	48.75
8	55.00
9	55.00
10	55.00
11	55.00
12	55.00
13 or more	65.00

Type of Final Average Compensation - Average of best 5 years prior to retirement date.

Early Retirement

Eligibility - Any age with 4 or more years of service.

Annual Amount - Computed as a normal retirement benefit based on final average compensation at early retirement date and multiplied by the Table A actuarial reduction factor to reflect retirement prior to normal retirement date.

Late Retirement

Eligibility - Anytime following eligibility for normal retirement and having attained 13 years of service.

Annual amount - Computed as a normal retirement benefit but actuarially increased to reflect late retirement on the basis of the factors specified in Table H, and based on final average compensation at late retirement date.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
TAYLOR GOVERNMENTAL MANAGEMENT AND ADMINISTRATIVE
EMPLOYEES ASSOCIATION
(FOR MEMBERS HIRED BEFORE 5/18/88)
(CONCLUDED)**

Deferred (Vested) Retirement

Eligibility - 4 or more years of service. Benefit commences at age 55.

Annual amount - Computed as a normal retirement benefit based on service and final average compensation at time of termination of employment.

Death Before Retirement Benefits

Eligibility - Death while actively employed after 4 or more years of service. Payable to the employee's spouse for life.

Annual Amount - If an employee who is vested in the pension plan dies prior to retirement, his/her beneficiary will receive the employee's accrued pension benefit for life actuarially adjusted based on the age of the beneficiary at the time the benefit is paid. Beneficiary shall be defined as: spouse or (in the absence of a spouse) minor children until the age of 21.

Death After Retirement

In accordance with optional form of benefit elected by employee, if any.

Disability Retirement

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

Annual Amount - 66 2/3% of earnings with a maximum benefit of \$2,000/month. The benefit is re-calculated at normal retirement based on normal retirement benefit formula.

Member Contributions - 5% of compensation.

Interest on Member Contributions - 2% Annually.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
ELECTED OFFICIALS
(FOR MEMBERS ELECTED BEFORE 11/27/89)**

Normal Retirement

Eligibility - Age 55 with 4 or more years of service or any age with 25 or more years of service.

Annual Amount - In accordance with the following:

<u>Years of Service</u>	<u>Annual Benefit as a % of Final Average Earnings</u>
4	30.00%
5	36.25
6	42.50
7	48.75
8	55.00

Type of Final Average Compensation - Average of best 5 years prior to retirement date.

Early Retirement

Eligibility - Any age with 4 or more years of service.

Annual Amount - Computed as a normal retirement benefit based on final average compensation at early retirement date and multiplied by the Table A actuarial reduction factor to reflect retirement prior to normal retirement date.

Late Retirement

Eligibility - Anytime following eligibility for normal retirement and having attained 8 years of service.

Annual amount - Computed as a normal retirement benefit but actuarially increased to reflect late retirement on the basis of the factors specified in Table H, and based on final average compensation at late retirement date.

Deferred (Vested) Retirement

Eligibility - 4 or more years of service. Benefit commences at age 55.

Annual amount - Computed as a normal retirement benefit based on service and final average compensation at time of termination of employment.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
ELECTED OFFICIALS
(FOR MEMBERS ELECTED BEFORE 11/27/89)
(CONCLUDED)**

Death Before Retirement Benefits

Eligibility - Death while actively employed after 4 or more years of service. Payable to the employee's spouse for life.

Annual Amount - Equal to 50% of the retirement benefit the employee could have received if eligible for retirement at date of death. If the employee is not eligible to retire at date of death, the benefit begins at earliest date the employee could have retired had the employee survived. If the employee is not married at date of death, or has less than 4 years of service, the employee's named beneficiary will receive a refund of employee's contributions with interest.

Death After Retirement

In accordance with optional form of benefit elected by employee, if any.

Disability Retirement

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

Annual Amount - 66 2/3% of earnings with a maximum benefit of \$2,000/month. The benefit is re-calculated at normal retirement based on normal retirement benefit formula.

Member Contributions - 5% of compensation.

Interest on Member Contributions - 5% Annually.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
LOCAL 1128 AFSCME
(FOR MEMBERS HIRED ON OR AFTER 8/4/88)**

Normal Retirement

Eligibility - Age 55 with 10 or more years of service; or age 50 and 25 or more years of service beginning January 1, 2009. Employees hired after 12/22/2004 are not eligible to participate.

Annual Amount - 2.2% of Final Average Compensation per year of service to a maximum of 25 years of service.

Type of Final Average Compensation - Average of best 5 consecutive years prior to retirement date, excluding vacation, sick leave and other banks.

Early Retirement

Eligibility - Age 50 with 10 or more years of service.

Annual Amount - Computed as a normal retirement benefit based on final average compensation at early retirement date and multiplied by the Table A actuarial reduction factor to reflect retirement prior to normal retirement date.

Late Retirement

Eligibility - Age 55 and 10 or more years of service; or age 50 and 25 or more years of service beginning January 1, 2009.

Annual Amount - Computed as a normal retirement benefit but increased by 2% of final average compensation per year of service worked between the normal retirement date and the late retirement date.

Deferred (Vested) Retirement

Eligibility - 10 or more years of service. Benefit commences at age 55.

Annual Amount - Computed as a normal retirement benefit based on service and final average compensation at time of termination of employment.

Death Before Retirement Benefits

Eligibility - Death while actively employed after 10 or more years of service. Payable to the employee's spouse or dependent child(ren).

Annual Amount - Refund of employee's contributions or 50% of the employee's vested benefit, whichever is higher. If the employee is not eligible to retire at date of death, the benefit begins at the earliest date the employee could have retired had the employee survived. If the employee is not married nor has any dependent child(ren) at date of death, or has less than the required years of service, the employee's named beneficiary will receive a refund of employee's contributions.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
LOCAL 1128 AFSCME
(FOR MEMBERS HIRED ON OR AFTER 8/4/88)
(CONCLUDED)**

Death After Retirement

In accordance with optional form of benefit elected by employee, if any.

Disability Retirement

Eligibility - 10 years of service credited in System, and must be eligible to receive Social Security Disability benefits.

Annual Amount - 2% of final average compensation per year of service. The benefit is re-calculated at normal retirement based on normal retirement benefit formula.

Member Contributions

5% of compensation, excluding cash payouts for vacation banks, sick leave banks and all other banks.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
LOCAL 1917
(FOR MEMBERS HIRED ON OR AFTER 8/4/88)**

Normal Retirement

Eligibility - Age 55 with 10 or more years of service; or age 50 and 25 or more years of service beginning January 1, 2009. Employees hired after 12/22/2004 are not eligible to participate.

Annual Amount - 2.2% of Final Average Compensation per year of service to a maximum of 25 years of service.

Type of Final Average Compensation - Average of best 5 consecutive years prior to retirement date, excluding vacation, sick leave and other banks.

Early Retirement

Eligibility - Age 50 with 10 or more years of service.

Annual Amount - Computed as a normal retirement benefit based on final average compensation at early retirement date and multiplied by the Table A actuarial reduction factor to reflect retirement prior to normal retirement date.

Late Retirement

Eligibility - Age 55 and 10 or more years of service; or age 50 and 25 or more years of service beginning January 1, 2009.

Annual Amount - Computed as a normal retirement benefit but actuarially increased to reflect late retirement on the basis of the factors specified in Table H, and based on final average compensation at late retirement date.

Deferred (Vested) Retirement

Eligibility - 10 or more years of service. Benefit commences at age 55.

Annual Amount - Computed as a normal retirement benefit but based on service and final average compensation at time of termination of employment.

Death Before Retirement Benefits

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

Annual Amount - Equal to 50% of the retirement benefit the employee could have received if eligible for retirement at date of death. If the employee is not eligible to retire at date of death, the benefit begins at earliest date the employee could have retired had the employee survived. If the employee is not married at date of death, or has less than the required years of service, the employee's named beneficiary will receive a refund of employee's contributions.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
LOCAL 1917
(FOR MEMBERS HIRED ON OR AFTER 8/4/88)
(CONCLUDED)**

Death After Retirement - In accordance with optional form of benefit elected by employee, if any.

Disability Retirement

Eligibility - 10 years of service credited in System, and must be eligible to receive Social Security disability benefits.

Annual Amount - 2% of final average compensation per year of service. The benefit is recalculated at normal retirement based on normal retirement benefit formula.

Member Contributions - 5% of compensation, excluding cash payouts for vacation banks, sick leave banks and all other banks.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
TAYLOR GOVERNMENTAL MANAGEMENT AND ADMINISTRATIVE
EMPLOYEES ASSOCIATION
(FOR MEMBERS HIRED ON OR AFTER 5/18/88)**

Normal Retirement

Eligibility - Age 55 with 5 or more years of service. Employees hired after 3/6/2001 are not eligible to participate. Employees transferred from another bargaining unit on or after November 1, 2008 are not eligible to participate.

Annual Amount – The percentage of Final Average Earnings (FAE) as described below for service that was accrued before 1/1/2011, plus 2.25% of the FAE for each year accrued after 1/1/2011, not to exceed 65%.

For service accrued before 1/1/2011:

<u>Years of Service</u>	<u>Annual Benefit as a % of Final Average Earnings</u>
5	30.00%
6	32.50
7	35.00
8	37.50
9	40.00
10	42.50
11	45.00
12	47.50
13	52.50
14	60.00
15 or more	65.00

Type of Final Average Compensation - Average of best 5 years prior to retirement date.

Early Retirement

Eligibility - Any age with 5 or more years of service.

Annual Amount - Computed as a normal retirement benefit based on final average compensation at early retirement date and multiplied by the Table A actuarial reduction factor to reflect retirement prior to normal retirement date.

Late Retirement

Eligibility - Anytime following eligibility for normal retirement and having attained 15 years of service.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
TAYLOR GOVERNMENTAL MANAGEMENT AND ADMINISTRATIVE
EMPLOYEES ASSOCIATION
(FOR MEMBERS HIRED ON OR AFTER 5/18/88)
(CONCLUDED)**

Annual Amount - Computed as a normal retirement benefit but actuarially increased to reflect late retirement on the basis of the factors specified in Table H, and based on final average compensation at late retirement date.

Deferred (Vested) Retirement

Eligibility - 5 or more years of service. Benefit commences at age 55.

Annual Amount - Computed as a normal retirement benefit based on service and final average compensation at time of termination of employment.

Death Before Retirement Benefits

Eligibility - Death while actively employed after 5 or more years of service. Payable to the employee's spouse for life.

Annual Amount - If an employee who is vested in the pension plan dies prior to retirement, his/her beneficiary will receive the employee's accrued pension benefit for life actuarially adjusted based on the age of the beneficiary at the time the benefit is paid. Beneficiary shall be defined as: spouse or (in the absence of a spouse) minor children until the age of 21.

Death After Retirement

In accordance with optional form of benefit elected by employee, if any.

Disability Retirement

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

Annual Amount - 66 2/3% of earnings with a maximum benefit of \$2,000/month. The benefit is re-calculated at normal retirement based on normal retirement benefit formula.

Member Contributions - 5% of compensation.

Interest on Member Contributions - 2% Annually.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
ELECTED OFFICIALS
(FOR MEMBERS ELECTED ON OR AFTER 11/27/89
EXCLUDES CITY COUNCIL ELECTED ON OR AFTER 11/25/97
EXCLUDES JUDGES ON OR AFTER 10/01/08
EXCLUDES MAYOR, CLERK, TREASURER ON OR AFTER 11/08/05)**

Normal Retirement

Eligibility - Age 55 with 5 or more years of service.

Annual Amount - In accordance with the following table:

<u>Years of Service</u>	<u>Annual Benefit as a % of Final Average Earnings</u>
5	30.00%
6	32.50
7	35.00
8	37.50
9	40.00
10	42.50
11	45.00
12	47.50
13	50.00
14	52.50
15 or more	55.00

Type of Final Average Compensation - Average of best 5 years prior to retirement date.

Early Retirement

Eligibility - Any age with 5 or more years of service.

Annual Amount - Computed as a normal retirement benefit based on final average compensation at early retirement date and multiplied by the Table A actuarial reduction factor to reflect retirement prior to normal retirement date.

Late Retirement

Eligibility - Anytime following eligibility for normal retirement and having attained 15 years of service.

Annual Amount - Computed as a normal retirement benefit but actuarially increased to reflect late retirement on the basis of the factors specified in Table H and based on final average compensation at late retirement date.

**BRIEF SUMMARY OF BENEFIT PROVISIONS APPLICABLE TO
ELECTED OFFICIALS
(FOR MEMBERS ELECTED ON OR AFTER 11/27/89
EXCLUDES CITY COUNCIL ELECTED ON OR AFTER 11/25/97
EXCLUDES JUDGES ON OR AFTER 10/01/08
EXCLUDES MAYOR, CLERK, TREASURER ON OR AFTER 11/08/05)
(CONCLUDED)**

Deferred (Vested) Retirement

Eligibility - 5 or more years of service. Benefit commences at age 55.

Annual Amount - Computed as a normal retirement benefit based on service and final average compensation at time of termination of employment.

Death Before Retirement Benefits

Eligibility - Death while actively employed after 5 or more years of service. Payable to the employee's spouse for life.

Annual Amount - Equal to 50% of the retirement benefit the employee could have received if eligible for retirement at date of death. If the employee is not eligible to retire at date of death, the benefit begins at earliest date the employee could have retired if he had survived. If the employee is not married at date of death, or has less than 5 years of service, the employee's named beneficiary will receive a refund of employee's contributions with interest.

Death After Retirement

In accordance with optional form of benefit elected by employee, if any.

Disability Retirement

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

Annual Amount - 66 2/3% of earnings with a maximum benefit of \$2,000/month. The benefit is re-calculated at normal retirement based on normal retirement benefit formula.

Member Contributions - 5% of compensation.

Interest on Member Contributions - 5% Annually.

SECTION E

FINANCIAL REPORTING

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

ACTUARIAL ACCRUED LIABILITY

The actuarial accrued liability is a measure intended to help users assess (i) a pension fund's funded status on a going concern basis, and (ii) progress being made toward accumulating the assets needed to pay benefits as due. The excess of the Actuarial Present Value of Projected Benefits of the group included in an Actuarial Valuation over the Actuarial Value of Assets is allocated **on a level basis over the service** of the group **between the valuation date and assumed exit**. This allocation is performed for the group as a whole, not as a sum of individual allocations. That portion of the Actuarial Present Value allocated to a valuation year is called the Normal Cost. The Actuarial Accrued Liability is equal to the Actuarial Value of Assets. Under this method, the Actuarial Gains (Losses), as they occur, reduce (increase) future Normal Costs. Assumptions, including projected pay increases, were the same as used to determine the Fund's level percent of payroll annual required contribution between valuation date and assumed exit age.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board.

The aggregate present value of benefits was determined as part of an actuarial valuation of the plan as of December 31, 2010. Significant actuarial assumptions used in determining the aggregate present value of benefits include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 2.5% per year compounded annually, attributable to inflation, and (c) the assumption that benefits will not increase after retirement.

At December 31, 2010, the employer unfunded present value of future benefits was \$25,389,915, determined as follows:

Actuarial Present Value of All Past and Future Benefits	
Active	\$ 16,687,432
Retired & Terminated Vested	57,920,623
Total	<u>74,608,055</u>
Current Assets (Actuarial Accrued Liability)	47,695,134
Present Value of Future Employee Contributions	1,523,006
Employer Unfunded Present Value of Future Benefits	<u>\$ 25,389,915</u>

During the period from December 31, 2009 to December 31, 2010 the Fund experienced a net change of \$243,992 in the actuarial present value of future benefits, of which \$(147,357) was due to changes in benefit provisions. There were no changes in actuarial assumptions or methods.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(\$ AMOUNTS IN MILLIONS)

Actuarial Valuation Date	Actuarial Value of Assets# (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (b)-(a)	Funded Ratio (a)/(b)	Active Member Covered Payroll (c)	Unfunded AAL as a Percentage of Active Member Covered Payroll ((b-a)/c)
12/31/1992	\$40.5	\$40.5	-	100%	\$ 6.2	-
12/31/1994	42.6	42.6	-	100	6.6	-
12/31/1995	48.7	48.7	-	100	7.4	-
12/31/1996	51.1	51.1	-	100	7.3	-
12/31/1997	55.3	55.3	-	100	7.2	-
12/31/1998	58.6	58.6	-	100	7.4	-
12/31/1999	62.5	62.5	-	100	7.8	-
12/31/2000	62.3	62.3	-	100	9.8	-
12/31/2001	60.6	60.6	-	100	10.0	-
12/31/2002	57.3	57.3	-	100	10.3	-
12/31/2003	55.5	55.5	-	100	10.1	-
12/31/2004	54.1	54.1	-	100	10.3	-
12/31/2005	52.8	52.8	-	100	10.1	-
12/31/2006 *	49.4	64.8	\$15.4	76	8.4	183.8%
12/31/2007 *	51.6	67.4	15.8	77	8.1	195.1
12/31/2008 *	50.5	70.4	19.9	72	8.1	245.7
12/31/2009 *	49.5	71.0	21.5	70	7.1	302.8
12/31/2010 *	47.7	72.3	24.6	66	5.6	439.3
12/31/2010 *@	47.7	72.2	24.5	66	5.6	437.5

Prior to the 12/31/96 valuation, assets are reported on a cost basis. Prior to the 12/31/2001 valuation, assets are reported as market value. Beginning with the 12/31/2001 valuation, assets are based on a 5 year smoothed market value.

* Reflects entry age normal actuarial cost method to comply with GASB No. 50.

@ After changes in benefit provisions.

CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution requirements are determined using an aggregate actuarial cost method. Unfunded employer present value of benefits is being amortized over a remaining period of 13 years.

During the year ended December 31, 2010, contributions totaling \$2,776,138 -- \$2,424,245 employer and \$351,893 employee -- were made in accordance with contribution requirements determined by an actuarial valuation of the Fund as of December 31, 2008. The employer contributions consisted of \$2,424,245 for normal cost and \$0 for amortization of the unfunded actuarial accrued liability.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Valuation Date	December 31, 2010
Actuarial Cost Method	Aggregate
Amortization Method	Level dollar, closed
Remaining Amortization Period	13 years
Asset Valuation Method	5 year smoothed market value
Actuarial Assumptions:	

Investment Rate of Return*	8.00%
----------------------------	-------

Projected Salary Increases*#	2.50%
------------------------------	-------

<i>* Includes Inflation</i>	<i>2.50%</i>
-----------------------------	--------------

Projected salary increases for TGMA group were assumed to be 0% for years 2011, 2012 and 2013.