Gabriel Roeder Smith & Company
Consultant & Actuaries

CITY OF MONROE RETIREE HEALTH CARE PLAN

ACTUARIAL VALUATION REPORT

DECEMBER 31, 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

August 13, 2015

Mr. Ed Sell
City of Monroe
City of Monroe Retiree Health Care Plan
Monroe, Michigan

Dear Mr. Sell:

Submitted in this report are the results of an actuarial valuation of the assets and benefit values associated with the employer financed retiree health benefits provided by the City of Monroe. The date of the valuation was December 31, 2014, effective for the fiscal years beginning July 1, 2016 and July 1, 2017.

This report was prepared at the request of the City of Monroe and is intended for use by the City of Monroe and those designated or approved by the City of Monroe. This report may be provided to parties other than the City of Monroe only in its entirety and only with the permission of the City of Monroe.

The actuarial calculations were prepared for purposes of complying with the requirements of Statement No. 45 of the Governmental Accounting Standards Board (GASB). In addition, we have included information which may be helpful if there is a trust requiring a GASB Statement No. 43 disclosure. The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the City of Monroe's financial reporting requirements may be significantly different than the values shown in this report.

The valuation was based upon information furnished by the City of Monroe concerning retiree health benefits, individual members, and plan finances. Data was checked for internal consistency, but was not otherwise audited. We are not responsible for the accuracy or completeness of the information provided by the City of Monroe.

To the best of our knowledge, the information contained in this report is accurate and fairly represents the actuarial position of the City of Monroe 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. Please see the following page for additional disclosures required by the Actuarial Standards of Practice. Mark Buis and James D. Anderson are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Mark Buis

Mark Buis, FSA, EA, FCA, MAAA

James D. Anderson

James D. Anderson, FSA, EA, MAAA

MB:bd

Additional Disclosures Required by Actuarial Standards of Practice

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 should not be relied on for any purpose other than the purpose described in the primary communication.

The signing actuaries are independent of the plan sponsor.

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

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Annual Required Contribution

This report presents the annual expense required to be recognized by the plan sponsor for purposes of complying with the accounting requirements of Governmental Accounting Standards Board Statement No. 45. In addition, the plan may also need to comply with GASB Statement No. 43. Please consult with legal counsel and the auditors to determine whether you have a plan for GASB Statement No. 43 purposes.

The Annual Required Contribution (ARC) for the fiscal years beginning July 1, 2016 and July 1, 2017 has been calculated under three different interest rate assumptions. Below is a summary of the Annual Required Contribution. In the first year GASB Statement No. 45 is adopted, the annual OPEB cost required to be disclosed on the employer's financial statements is equal to the ARC. Actual claims 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).

Annual Required Contribution	7.00% Interest	6.00% Interest	5.00% Interest	Estimated Claims/Premiums Paid for Retirements
Fiscal Year Beginning 2016	$3,963,730	$4,311,760	$4,708,826	$3,827,581
Fiscal Year Beginning 2017	3,927,016	4,265,932	4,651,687	4,106,755

For additional details, please see Section A of the report.

Additional OPEB Reporting Requirements

In addition to the annual OPEB cost described above, employers will 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 Statement No. 45. The Net OPEB Obligation is zero as of the beginning of the fiscal year that Statement No. 45 is implemented unless the employer chooses to recognize a beginning balance. The requirements for determining the employer's contributions in relation to the ARC are described in paragraph 13g. of Statement No. 45. Additional information required to be disclosed in the employer's financial statements is detailed in paragraphs 24 through 27 of Statement No. 45.

EXECUTIVE SUMMARY

Liabilities and Assets

	7.00% Interest	6.00% Interest	5.00% Interest
1. Present Value of Future Benefit Payments	$61,145,319	$68,767,922	$78,130,294
2. Actuarial Accrued Liability	57,762,426	64,208,072	71,927,594
3. Plan Assets	18,767,341	18,767,341	18,767,341
4. Unfunded Actuarial Accrued Liability (2) – (3)	38,995,085	45,440,731	53,160,253
5. Funded Ratio (3)/(2)	32.5%	29.2%	26.1%

The Present Value of Future Benefit Payments (PVFB) is the present value of all benefits projected to be paid from the Plan for past and future service to current members. The Actuarial Accrued Liability is the portion of the PVFB allocated to past service by the Plan's funding method (see the Section titled "Actuarial Cost Method and Actuarial Assumptions").

SECTION A

VALUATION RESULTS

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION FOR THE OTHER POSTEMPLOYMENT BENEFITS FISCAL YEAR BEGINNING JULY 1, 2016

Contributions for	Development of the Annual Required Contribution		
	Fiscal Year Beginning 2016		
	7.00% Interest	**6.00% Interest**	**5.00% Interest**
Employer Normal Cost	$ 326,485	$ 474,391	$ 664,027
Amortization of UAAL*	3,637,245	3,837,369	4,044,799
Annual Required Contribution (ARC)	$3,963,730	$4,311,760	$4,708,826
	Fiscal Year Beginning 2017		
Annual Required Contribution (ARC)	$3,927,016	$4,265,932	$4,651,687

* *Unfunded Actuarial Accrued Liabilities.*

The unfunded actuarial accrued liabilities were amortized as a level dollar over a closed period of 24 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 DECEMBER 31, 2014

	7.00% Interest	6.00% Interest	5.00% Interest
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	$44,289,815	$48,675,223	$53,888,208
ii) Vested Terminated Members	0	0	0
iii) Active Members	16,855,504	20,092,699	24,242,086
Total Present Value of Future Benefits	$61,145,319	$68,767,922	$78,130,294
B. Present Value of Future Normal Costs	3,382,893	4,559,850	6,202,700
C. Actuarial Accrued Liability (A.-B.)	57,762,426	64,208,072	71,927,594
D. Actuarial Value of Assets	18,767,341	18,767,341	18,767,341
E. Unfunded Actuarial Accrued Liability (C.-D.)	$38,995,085	$45,440,731	$53,160,253
F. Funded Ratio (D./C.)	32.5%	29.2%	26.1%

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.

Annual Required Contributions
Comparison by OPEB Division

OPEB Report Group	Annual Required Contribution for July 01, 2016 - June 30, 2017		
	7.00% Interest	**6.00% Interest**	**5.00% Interest**
General	$1,891,141	$2,032,826	$2,191,174
Police	866,614	959,937	1,069,333
Fire	801,318	856,100	916,788
Hybrid	404,657	462,897	531,531
Total	**$3,963,730**	**$4,311,760**	**$4,708,826**

OPEB Report Group	Annual Required Contribution for July 01, 2017 - June 30, 2018		
	7.00% Interest	**6.00% Interest**	**5.00% Interest**
General	$1,884,981	$2,024,043	$2,179,035
Police	863,347	954,587	1,061,254
Fire	802,135	857,338	918,577
Hybrid	376,553	429,964	492,821
Total	**$3,927,016**	**$4,265,932**	**$4,651,687**

VALUATION RESULTS BY DIVISION
GENERAL

Contributions for	Development of the Annual Required Contribution		
	Fiscal Year Beginning 2016		
	7.00% Interest	**6.00% Interest**	**5.00% Interest**
Employer Normal Cost	$ 89,672	$ 140,486	$ 206,074
Amortization of UAAL*	1,801,469	1,892,340	1,985,100
Annual Required Contribution (ARC)	$1,891,141	$2,032,826	$2,191,174
	Fiscal Year Beginning 2017		
Annual Required Contribution (ARC)	$1,884,981	$2,024,043	$2,179,035

* *Unfunded Actuarial Accrued Liabilities.*

Determination of Unfunded Actuarial Accrued Liability
as of December 31, 2014

	7.00% Interest	**6.00% Interest**	**5.00% Interest**
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	$22,745,184	$24,964,813	$27,599,283
ii) Vested Terminated Members	0	0	0
iii) Active Members	6,801,730	7,969,330	9,434,075
Total Present Value of Future Benefits	$29,546,914	$32,934,143	$37,033,358
B. Present Value of Future Normal Costs	938,109	1,270,917	1,732,848
C. Actuarial Accrued Liability (A.-B.)	28,608,805	31,663,226	35,300,510
D. Actuarial Value of Assets	9,295,164	9,254,826	9,210,606
E. Unfunded Actuarial Accrued Liability (C.-D.)	$19,313,641	$22,408,400	$26,089,904
F. Funded Ratio (D./C.)	32.5%	29.2%	26.1%

VALUATION RESULTS BY DIVISION
POLICE

Contributions for	Development of the Annual Required Contribution		
	Fiscal Year Beginning 2016		
	7.00% Interest	**6.00% Interest**	**5.00% Interest**
Employer Normal Cost	$ 75,111	$116,943	$ 171,481
Amortization of UAAL*	791,503	842,994	897,852
Annual Required Contribution (ARC)	$866,614	$959,937	$1,069,333
	Fiscal Year Beginning 2017		
Annual Required Contribution (ARC)	$863,347	$954,587	$1,061,254

* *Unfunded Actuarial Accrued Liabilities.*

Determination of Unfunded Actuarial Accrued Liability as of December 31, 2014

	7.00% Interest	**6.00% Interest**	**5.00% Interest**
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	$ 9,021,621	$ 9,958,513	$11,079,402
ii) Vested Terminated Members	0	0	0
iii) Active Members	4,532,081	5,486,845	6,727,186
Total Present Value of Future Benefits	$13,553,702	$15,445,358	$17,806,588
B. Present Value of Future Normal Costs	983,977	1,340,117	1,840,334
C. Actuarial Accrued Liability (A.-B.)	12,569,725	14,105,241	15,966,254
D. Actuarial Value of Assets	4,083,975	4,122,813	4,165,913
E. Unfunded Actuarial Accrued Liability (C.-D.)	$ 8,485,750	$ 9,982,428	$11,800,341
F. Funded Ratio (D./C.)	32.5%	29.2%	26.1%

VALUATION RESULTS BY DIVISION
FIRE

Contributions for	Development of the Annual Required Contribution		
	Fiscal Year Beginning 2016		
	7.00% Interest	**6.00% Interest**	**5.00% Interest**
Employer Normal Cost	$ 30,846	$ 46,489	$ 66,745
Amortization of UAAL*	770,472	809,611	850,043
Annual Required Contribution (ARC)	$801,318	$856,100	$916,788
	Fiscal Year Beginning 2017		
Annual Required Contribution (ARC)	$802,135	$857,338	$918,577

* *Unfunded Actuarial Accrued Liabilities.*

Determination of Unfunded Actuarial Accrued Liability
as of December 31, 2014

	7.00% Interest	**6.00% Interest**	**5.00% Interest**
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	$11,136,608	$ 12,248,778	$ 13,572,179
ii) Vested Terminated Members	0	0	0
iii) Active Members	1,521,642	1,869,405	2,323,253
Total Present Value of Future Benefits	$12,658,250	$ 14,118,183	$ 15,895,432
B. Present Value of Future Normal Costs	422,536	571,510	779,338
C. Actuarial Accrued Liability (A.-B.)	12,235,714	13,546,673	15,116,094
D. Actuarial Value of Assets	3,975,453	3,959,549	3,944,090
E. Unfunded Actuarial Accrued Liability (C.-D.)	$ 8,260,261	$ 9,587,124	$ 11,172,004
F. Funded Ratio (D./C.)	32.5%	29.2%	26.1%

VALUATION RESULTS BY DIVISION
HYBRID

Contributions for	Development of the Annual Required Contribution		
	Fiscal Year Beginning 2016		
	7.00% Interest	**6.00% Interest**	**5.00% Interest**
Employer Normal Cost	$130,856	$170,473	$219,727
Amortization of UAAL*	273,801	292,424	311,804
Annual Required Contribution (ARC)	$404,657	$462,897	$531,531
	Fiscal Year Beginning 2017		
Annual Required Contribution (ARC)	$376,553	$429,964	$492,821

* *Unfunded Actuarial Accrued Liabilities.*

Determination of Unfunded Actuarial Accrued Liability as of December 31, 2014

	7.00% Interest	**6.00% Interest**	**5.00% Interest**
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	$1,386,402	$1,503,119	$1,637,344
ii) Vested Terminated Members	0	0	0
iii) Active Members	4,000,051	4,767,119	5,757,572
Total Present Value of Future Benefits	$5,386,453	$6,270,238	$7,394,916
B. Present Value of Future Normal Costs	1,038,271	1,377,306	1,850,180
C. Actuarial Accrued Liability (A.-B.)	4,348,182	4,892,932	5,544,736
D. Actuarial Value of Assets	1,412,749	1,430,153	1,446,732
E. Unfunded Actuarial Accrued Liability (C.-D.)	$2,935,433	$3,462,779	$4,098,004
F. Funded Ratio (D./C.)	32.5%	29.2%	26.1%

COMMENTS

COMMENT A: One of the key assumptions used in any valuation of the cost of post-employment benefits is the rate of return on Plan assets. Higher assumed investment returns will result in a lower ARC. Lower returns will tend to increase the computed ARC. As directed by the Plan Sponsor, we have calculated the liability and the resulting ARC using three different long-term projected rates of return. A 7.00% assumed long-term rate of investment return may be appropriate to develop the liabilities of the Plan in the case that the Plan Sponsor chooses to pre-fund the entire ARC and invests the resulting assets in such a way as to anticipate 7.00% return. If the Plan Sponsor chooses to pre-fund with contributions less than the ARC (or not pre-fund at all), GASB requires the use of a lower rate of return assumption. A 5.00% or 6.00% assumed rate of investment may be appropriate when determining the liabilities of the plan if the plan sponsor finances the benefits on a pay-as-you-go basis (assuming 5.00% or 6.00% is deemed a reasonable return projection for general assets).

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, unless there are significant changes in the OPEB. This will permit fluctuations and trends in experience to be reflected in the contribution rate on a regular basis.

COMMENT C: The contribution rates shown include amortization of the unfunded actuarial accrued liability over a closed period of 24 years. The maximum time period permitted by the Governmental Accounting Standards Board Statements No. 43 and No. 45 is thirty years. A shorter amortization period would result in a higher ARC.

COMMENT D: GASB Statement No. 45 stipulates that Plan assets must be placed in a trust or equivalent arrangement that meets the following criteria:

- Employer contributions to the Plan are irrevocable
- Assets are dedicated to providing benefits to retirants and their beneficiaries
- Assets are legally protected from creditors

Our calculations assume these criteria have been met. Otherwise, the fund asset value cannot be counted in our calculations and contribution requirements may be higher than those shown. **Please consult with legal counsel to verify that Plan assets meet the criteria listed above.** The asset value of $18,767,341 was provided by the City as of December 31, 2014.

COMMENTS

COMMENT E: 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 valuation no load was applied in connection with the "Cadillac" tax; based on the current plan provision and assumptions. We have not identified any other specific provision of health care reform that would be expected to have a significant impact on the measured obligation. As additional guidance on the legislation is issued, we will review and monitor the impact.

COMMENT F: Plan liabilities are higher than measured in the prior valuation. Factors contributing to the increase in liabilities include, but are not limited to:

- A change to the two-person hard cap amount as dictated by Michigan PA 152; and
- Resetting the health care cost trend assumption.

Partially offsetting these factors were liability decreases due to:

- Lower medical rates than projected.

SECTION B

RETIREE PREMIUM RATE DEVELOPMENT

RETIREE PREMIUM RATE DEVELOPMENT

Initial premium rates were developed separately for each class (pre-65 and post-65). The rates were calculated by using actual paid claims and exposure data for the period of January 2012 to December 2014 adjusted for catastrophic claims, plus the load for administration, network access fee, and stop loss premiums. The self-insured medical and prescription drug data was provided by the City. The data was analyzed for the pre-65 and post-65 participants separately since Medicare is available for the post-65 participants and has a significant impact on the claim experience. Furthermore, since the prescription drug claims and the medical claims exhibit different trends and claim payment patterns, we analyzed these claims separately as well.

As of January 1, 2014, Express Scripts was eliminated and the City of Monroe has drug coverage solely through BCBS.

Suffixes available to future retirees are 0023 (971), 0026 (972), and 0028 (981). We have developed separate premium rates for future retirees in order to reflect the benefit differences.

Age graded and sex distinct premiums are utilized in 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 specific age/sex combination. The age/sex specific premiums more accurately reflect the health care utilization and cost at that age.

RETIREE PREMIUM RATE DEVELOPMENT (CONCLUDED)

The tables below show the resulting medical, and prescription drug one-person monthly premiums at select ages. The premium (or per capita costs) rates shown below reflect the use of age grading.

FUTURE RETIREES

For Those Not Eligible for Medicare

Age	Male	Female
45	$ 369.72	$ 484.03
50	500.20	566.75
55	653.75	671.99
60	821.29	789.44

For Those Eligible for Medicare

Age	Male	Female
65	$ 363.54	$ 334.77
70	419.33	377.07
75	465.53	413.15

CURRENT RETIREES

For Those Not Eligible for Medicare

Age	Male	Female
45	$ 489.31	$ 640.60
50	661.99	750.08
55	865.21	889.36
60	1,086.96	1,044.81

For Those Eligible for Medicare

Age	Male	Female
65	$ 487.94	$ 449.32
70	562.83	506.10
75	624.84	554.53

The State of Michigan enacted Public Act 152, which defines a maximum benefit for all Public Employer medical plans. The resulting limit for the 2015 calendar year is $5,992.30 for individual coverage and $12,531.75 for two-person coverage. Public Act 152 is anticipated to decrease future health care costs for the City of Monroe Retiree Health Care Plan.

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

CITY OF MONROE RETIREE HEALTH CARE PLAN
SUMMARY OF BENEFITS AS OF DECEMBER 31, 2014

Leaving Employment as a Result of	Eligibility for Benefit	Benefit Provided by Employer Retiree	*Spouse	Retiree Share of Cost Retiree	Spouse
Normal Retirement					
- General, Water, Sewage (COMEA Units I & II)	Age 55 with 25 years of service; Age 60 with 10 years of service; or Age 65 with 5 years of service.	**health & Rx	**health & Rx	1	1
- General, Water, Sewage Teamsters	Age 60 with 10 years of service; Age 65 with 5 years of service; or 80 points.	**health & Rx	**health & Rx	1	1
- Police and Fire	Age 50 with 25 years of service; Age 55 with 10 years of service; or Age 60 with 5 years of service.	**health & Rx (2)	**health & Rx (2)	1	1
- Appointed Confidential	Age 55 with 15 years of service; Age 60 with 10 years of service; or Age 65 with 5 years of service.	**health & Rx	**health & Rx	1	1
- Elected	Age 55 with 25 years of service; Age 60 with 10 years of service; or Age 65 with 5 years of service.	**health & Rx	**health & Rx	1	1
- Hybrid and Appointed/Elected Hybrid	Age 60 with 10 years of service, or Age 62 with 3 years of service.	**health & Rx	**health & Rx	1	1
Early Retirement					
- Teamster Local 214, COMEA I & II	Age 50 with 10 years of service.	**health & Rx	**health & Rx	1	1
- Hybrid	Age 55 with 15 years of service.	**health & Rx	**health & Rx	1	1
Deferred Vested Termination					
- All non-Hybrid	Age 60 with 10 years of service.	N/A	N/A	N/A	N/A
- Hybrid	Age 62 with 3 years of service.	N/A	N/A	N/A	N/A
Non-Duty Disability					
- All non-Hybrid	10 years of service.	**health & Rx	**health & Rx	1	1
- Hybrid	No age and service requirement.	**health & Rx	**health & Rx	1	1
Duty Disability					
- All non-Hybrid	No age or service requirement.	** health & Rx (2)	** health & Rx (2)	1	1
- Hybrid	No age or service requirement.	** health & Rx (2)	** health & Rx (2)	1	1
Non-Duty Death-in-Service					
- All non-Hybrid	10 years of service.	N/A	**health & Rx	1	1
- Hybrid	No age and service requirement.	N/A	**health & Rx	1	1
Duty Death-in-Service					
- All non-Hybrid	No age or service requirement.	N/A	**health & Rx	1	1
- Hybrid	No age or service requirement.	N/A	**health & Rx	1	1

Notes:

Except as otherwise outlined below, Retiree Health Care is provided to all eligible retirees and their spouses*.

No vision or **life insurance benefits are offered through the City's Retiree Health Care Plan. Dental is offered at retiree's cost.

Employees (excluding firefighters) who are totally disabled between 5/1/97 and 12/31/09 are eligible for life insurance. Firefighters who are totally disabled after 5/01/97 are eligible for life insurance.

" Spouse" means an employees spouse by legal marriage at the time of retirement. A retiree who remarries after the effective date of retirement is not eligible to add a new spouse to the retiree health care benefits.

***The City will provide the retiree and their spouse the same health care benefits it provides its active employees.*

1. Employees hired on or before 6/30/08 and who later retire are eligible for retiree health care benefits. For each year of service, the City will pay an amount equal to 4% of its share of the lowest illustrated premium cost and the plan selected by the retiree and his eligible spouse/dependents (up to a maximim of 25 years of credited service) at the time the employee retires.

Employees hired on or after 7/01/08 are excluded from retiree health coverage and shall participate in a Retiree Health Care Savings Program. The City and the employee shall equally contribute 3% of the average annualized base wages of all regular full-time employees of the City, based on wages as of June 30th of each year.

Effective 1/01/2013, Police and Fire employees hired on or before 6/30/2008 will contribute 3% of the average annualized base wages of all full-time City employees to the City's Retiree Health Care Fund.

Effective 7/01/2014, General and Hybrid employees hired on or before 6/30/2008 will contribute 1.5% of the average annualized base wages of all full-time City employees to the City's Retiree Health Care Fund. This contribution will increase to 3.0% on 1/1/2015.

2. Police/Fire Only - Duty Disability retirees & their spouses shall be entitled to an employer contribution in an amount equal to 100% of its share of the illustrated premum cost of coverage under the Health Care Plan selected by the employee if he is disabled by a qualifying action. The eligible spouses of employees who are killed in the line of duty as a result of a qualifying action shall also be entitled to an Employer contribution in an amount equal to 100% of its share of the illustrated premium cost of coverage of the Plan selected by the retiree, spouse and dependents.

SECTION D

SUMMARY OF PARTICIPANT DATA

TOTAL* ACTIVE MEMBERS AS OF DECEMBER 31, 2014
BY AGE AND YEARS OF SERVICE

	Years of Service to Valuation Date							Totals
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 Plus**	**No.**
20-24								
25-29								
30-34			1					1
35-39		2	5	5				12
40-44		2	11	9	1			23
45-49		3	4	10	8	5		30
50-54			2	5	7	7	3	24
55-59		3	1	5	5	5		19
60-64		4	4	1	2			11
65 & Over			1					1
Totals		**14**	**29**	**35**	**23**	**17**	**3**	**121**

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

Age: 49.0 years
Service: 18.0 years

* *Excludes 27 members of the pension Retirement System not eligible for retiree health care because they were hired after the Plan closed on July 1, 2008.*

GENERAL, WATER, SEWAGE AND APPOINTED ACTIVE MEMBERS
AS OF DECEMBER 31, 2014
BY AGE AND YEARS OF SERVICE

	Years of Service to Valuation Date							Totals
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 Plus**	**No.**
20-24								
25-29								
30-34								
35-39				2				2
40-44					1			1
45-49				6	4	2		12
50-54				2	5	6	3	16
55-59				4	4	4		12
60-64		1			1			2
65 & Over								
Totals		**1**		**14**	**15**	**12**	**3**	**45**

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

Age:	51.5	years
Service:	23.1	years

POLICE ACTIVE MEMBERS AS OF DECEMBER 31, 2014
BY AGE AND YEARS OF SERVICE

	Years of Service to Valuation Date							Totals
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 Plus**	**No.**
20-24								
25-29								
30-34			1					1
35-39		1	4	1				6
40-44			3	4				7
45-49		1		2	3	3		9
50-54				1	1	1		3
55-59					1	1		2
60-64								
65 & Over								
Totals		**2**	**8**	**8**	**5**	**5**		**28**

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

Age: 44.8 years
Service: 18.0 years

FIRE ACTIVE MEMBERS AS OF DECEMBER 31, 2014
BY AGE AND YEARS OF SERVICE

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

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

Age: 44.3 years
Service: 15.9 years

HYBRID ACTIVE MEMBERS AS OF DECEMBER 31, 2014
BY AGE AND YEARS OF SERVICE

	Years of Service to Valuation Date							Totals
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24								
25-29								
30-34								
35-39		1	1	1				3
40-44		2	5	3				10
45-49		2	4	1				7
50-54			1	2				3
55-59		3	1	1				5
60-64		3	4	1	1			9
65 & Over			1					1
Totals		**11**	**17**	**9**	**1**			**38**

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

Age: 50.3 years
Service: 12.6 years

TOTAL RETIRED MEMBERS AS OF DECEMBER 31, 2014 BY AGE

Age	Number of Retirees & Beneficiaries		
	Male	**Female**	**Total**
Under 55	15	4	19
55-59	39	9	48
60-64	25	11	36
65 & Over	109	63	172
Totals	**188**	**87**	**275**

The number counts above include all retirees who are members of the City of Monroe Employees Retirement System; 35 have no health coverage, 85 have one-person coverage and 155 cover a retiree and spouse. There are 3 retirees who are covered under the retiree health care plan, but are not in the City of Monroe Employees Retirement System.

There are 0 terminated vested members eligible for deferred Plan benefits.

General, Sewage and Water Retired Members as of December 31, 2014 by Age

Age	Number of Retirees & Beneficiaries		
	Male	**Female**	**Total**
Under 55	5	1	6
55-59	18	8	26
60-64	15	11	26
65 & Over	53	38	91
Totals	**91**	**58**	**149**

19 have no health coverage, 51 have one-person coverage and 79 cover a retiree and spouse.

POLICE RETIRED MEMBERS AS OF DECEMBER 31, 2014 BY AGE

Age	Number of Retirees & Beneficiaries		
	Male	Female	Total
Under 55	7	2	9
55-59	6	0	6
60-64	2	0	2
65 & Over	22	11	33
Totals	**37**	**13**	**50**

4 have no health coverage, 18 have one-person coverage and 28 cover a retiree and spouse.

FIRE RETIRED MEMBERS AS OF DECEMBER 31, 2014 BY AGE

Age	Number of Retirees & Beneficiaries		
	Male	Female	Total
Under 55	3	0	3
55-59	14	1	15
60-64	7	0	7
65 & Over	26	9	35
Totals	**50**	**10**	**60**

5 have no health coverage, 14 have one-person coverage and 41 cover a retiree and spouse.

HYBRID RETIRED MEMBERS AS OF DECEMBER 31, 2014 BY AGE

	Number of Retirees & Beneficiaries		
Age	**Male**	**Female**	**Total**
Under 55	0	1	1
55-59	1	0	1
60-64	1	0	1
65 & Over	8	5	13
Totals	**10**	**6**	**16**

7 have no health coverage, 2 have one-person coverage and 7 cover a retiree and spouse.

SECTION E

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

VALUATION METHODS FOR CITY OF MONROE RETIREE HEALTH CARE PLAN AS OF DECEMBER 31, 2014

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;

(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) (full funding credit if assets exceed liabilities) were amortized on a level dollar basis since all divisions are closed to new hires. The UAAL was determined using the market value of assets and actuarial accrued liability calculated as of the valuation date.

Actuarial Value of System Assets. The Actuarial Value of Assets is set equal to the reported market value of assets. Assets were allocated among the subgroups shown in this report in proportion to each group's Actuarial Accrued Liability on the valuation date.

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

	Fiscal Year Beginning July 01,	
Amortization Factor	**2016**	**2017**
7.00% Interest	11.86623	11.66227

	Fiscal Year Beginning July 01,	
Amortization Factor	**2016**	**2017**
6.00% Interest	12.92321	12.66890

	Fiscal Year Beginning July 01,	
Amortization Factor	**2016**	**2017**
5.00% Interest	14.14080	13.82305

ACTUARIAL ASSUMPTIONS FOR
CITY OF MONROE RETIREE HEALTH CARE PLAN
AS OF DECEMBER 31, 2014

The rate of investment return was 7.0% a year, compounded annually net after investment expenses. Alternate investment returns of 6.0% and 5.0% were also used in this valuation.

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefit amounts will be based. The assumptions were first used for the December 31, 2009 pension valuation.

	Annual Rate of Pay Increase for Sample Ages					
	General, Water, Sewage, Hybrid			Police - Fire		
Sample Ages	Base (Economic)	Merit & Longevity	Total	Base (Economic)	Merit & Longevity	Total
20	3.5%	3.0%	6.5%	3.5%	2.3%	5.8%
25	3.5%	2.4%	5.9%	3.5%	2.3%	5.8%
30	3.5%	2.1%	5.6%	3.5%	2.0%	5.5%
35	3.5%	1.9%	5.4%	3.5%	0.8%	4.3%
40	3.5%	1.7%	5.2%	3.5%	0.2%	3.7%
45	3.5%	1.3%	4.8%	3.5%	0.2%	3.7%
50	3.5%	0.9%	4.4%	3.5%	0.2%	3.7%
55	3.5%	0.5%	4.0%	3.5%	0.1%	3.6%
60	3.5%	0.1%	3.6%	3.5%	0.0%	3.5%
65	3.5%	0.0%	3.5%	3.5%	0.0%	3.5%
Ref.		354			353	

The Wage Inflation Rate assumed in this valuation was 3.5% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

ACTUARIAL ASSUMPTIONS FOR CITY OF MONROE RETIREE HEALTH CARE PLAN AS OF DECEMBER 31, 2014

The mortality table used was the RP2000 Mortality Table. This table was first used for the December 31, 2009 pension valuation. The mortality table is selected by the Board of Trustees. This assumption is needed to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement. Sample values follow:

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
55	0.362%	0.272%	26.18	28.91
60	0.675%	0.506%	21.74	24.38
65	1.274%	0.971%	17.61	20.12
70	2.221%	1.674%	13.88	16.23
75	3.783%	2.811%	10.57	12.74
80	6.437%	4.588%	7.75	9.68
Ref	#506x1sb0yrs	#507x1sb0yrs		

The mortality table for disabled members is this same table, set forward 10 years.

All preretirement deaths are assumed to be non-duty related.

The membership size in this group is not sufficiently large to determine if there is a margin for mortality improvements. However, based upon our experience with a broad cross section of public sector plans similar in nature to this plan, it is our opinion that there is no provision for future mortality improvement in the current mortality assumption. We recommend this table be updated with the next experience study to include additional margin for future improvement in mortality.

Rates of disability represent the probabilities of active members becoming disabled. The rates in this table were first used in the December 31, 2009 pension valuation. Sample values follow:

	Percent Becoming Disabled within Next Year	
Sample Ages	**General, Water, Sewage and Hybrid**	**Police and Fire**
20	0.04%	0.12%
25	0.04%	0.12%
30	0.04%	0.12%
35	0.04%	0.12%
40	0.10%	0.30%
45	0.13%	0.40%
50	0.25%	0.74%
55	0.45%	1.34%
60	0.71%	2.12%
65	0.83%	2.49%
Ref	#9x0.5	#9x1.5

All disability occurrences are assumed to be non-duty related.

ACTUARIAL ASSUMPTIONS FOR CITY OF MONROE RETIREE HEALTH CARE PLAN AS OF DECEMBER 31, 2014

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

Retirement Ages	Percent of Active Members Retiring within Next Year*					Rule of 80
	General, Water, and Sewage	Appointed	Hybrid	Police	Fire	General, Water, and Sewage
50				40.0%	40.0%	20.0%
51				30.0%	30.0%	20.0%
52				25.0%	25.0%	20.0%
53				25.0%	25.0%	20.0%
54				25.0%	25.0%	20.0%
55	25.0%	22.5%	20.0%	25.0%	25.0%	25.0%
56	25.0%	15.0%	20.0%	25.0%	25.0%	25.0%
57	25.0%	15.0%	20.0%	25.0%	25.0%	25.0%
58	25.0%	15.0%	20.0%	25.0%	25.0%	25.0%
59	25.0%	15.0%	20.0%	25.0%	25.0%	25.0%
60	25.0%	22.5%	40.0%	50.0%	100.0%	30.0%
61	25.0%	12.0%	40.0%	50.0%		30.0%
62	25.0%	22.5%	40.0%	50.0%		30.0%
63	25.0%	13.5%	40.0%	50.0%		30.0%
64	25.0%	22.5%	40.0%	50.0%		30.0%
65	50.0%	70.0%	40.0%	100.0%		50.0%
66	50.0%	30.0%	40.0%			50.0%
67	50.0%	40.0%	40.0%			50.0%
68	50.0%	50.0%	40.0%			50.0%
69	50.0%	60.0%	40.0%			50.0%
70	100.0%	100.0%	100.0%			100.0%
Ref.	1865	1867	1868	1869	1870	1866

* *Fire members and Police members hired prior to 7/1/08, retirement rates were changed to 75% once members reach 30.2 years of service. For Police members hired after 7/1/08, retirement rates changed to 75% once members reach 37.2 years of service.*

The rates in this table were first used in the December 31, 2009 pension valuation.

The above probabilities apply to members satisfying the conditions described on page C-1.

Rates of separation from active membership. The rates apply to members separating from active employment before retirement, death or disability. It was assumed that general, water and sewage members who quit prior to age 45 will withdraw their accumulated contributions. For Police and Fire, age 50 was assumed.

Sample Ages	Years of Service	% of Active Members Separating within Next Year: General, Water, Sewage	Hybrid	Police	Fire
ALL	0	24.00%	24.00%	9.60%	8.00%
	1	16.00%	16.00%	7.20%	5.60%
	2	12.00%	12.00%	5.60%	4.00%
	3	8.00%	8.00%	4.00%	3.20%
	4	5.60%	5.60%	3.60%	2.80%
20	5 & Over	3.60%	7.20%	2.70%	2.10%
25		3.60%	7.20%	2.70%	2.10%
30		3.30%	6.60%	2.34%	1.74%
35		2.64%	5.28%	1.38%	0.90%
40		1.11%	2.22%	0.54%	0.36%
45		0.75%	1.50%	0.30%	0.30%
50		0.75%	1.50%	0.30%	0.30%
55		0.75%	1.50%	0.30%	0.30%
60		0.75%	1.50%	0.30%	0.30%
65		0.75%	1.50%	0.30%	0.30%
Ref.		11 x 0.8	11 x 0.8	29 x 0.8	30 x 0.8
		59 x 0.6	59 x 1.2	53 x 0.6	54 x 0.6

The rates in this table were first used in the December 31, 2009 pension valuation.

Health cost increases for active members are displayed in the following table:

Year After Valuation	Health Care Trend Inflation Rates
1	8.25 %
2	7.50
3	6.75
4	6.25
5	5.75
6	5.25
7	4.75
8	4.00
9	3.50
10	3.50
11+	3.50

The rates in this table were first used in the December 31, 2014 retiree health care valuation.

Public Act 152 which defines a maximum benefit for all Public Employer medical plans was first effective for the 2012 calendar year. The resulting limit for the 2015 calendar year is $5,992.30 for individual coverage and $12,531.75 for two-person coverage. We have assumed this limit will increase 3.5% for each future year, and this future limit will apply to each future retired member's benefit in all future years.

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS FOR CITY OF MONROE RETIREE HEALTH CARE PLAN AS OF DECEMBER 31, 2014

Administrative Expenses

No explicit assumption has been made for administrative expenses.

Decrement Operation

Disability and mortality decrements do not operate during the first 10 years (5 years for Hybrid) of service. Disability also does not operate during retirement eligibility.

Decrement Relativity

Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

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.

Incidence of Contributions

Contributions are assumed to be received continuously throughout the year based upon the computed contribution shown in this report.

Marriage Assumption

100% of males and 100% of females are assumed to be married at time of decrement for General and Police/Fire members. 80% of males and 70% of females are assumed to be married at time of decrement for Hybrid members. Male spouses are assumed to be three years older than female spouses for active member valuation purposes. In retired cases where spouse information is needed but not available the three-year age difference is assumed.

Medicare Coverage

Assumed to be available for all covered employees on attainment of age 65. Disabled retirees were assumed to be eligible for Medicare coverage at age 65.

Health Care Coverage at Retirement

The table below shows the assumed portion of future retirees electing one-person or two-person/family coverage, or opting out of coverage entirely. It also shows the portion of members electing 2-person/family coverage that continue coverage to the spouse upon death of the retiree.

		Two-Person/Family		
	One-Person	**Electing**	**Continuing**	**Opt-Out**
Male	10%	80%	100%	10%
Female	10%	80%	100%	10%

APPENDIX A

AMORTIZATION PAYOFF SCHEDULE

Date	Period	Unfunded Liability (BOY)	Interest	Payment($)	Unfunded Liability (EOY)
December 31, 2014		$38,995,085			
July 1, 2016	24	43,160,408	$2,895,360	$3,637,245	$42,418,523
July 1, 2017	23	42,418,523	2,843,428	3,637,245	41,624,706
July 1, 2018	22	41,624,706	2,787,861	3,637,245	40,775,322
July 1, 2019	21	40,775,322	2,728,404	3,637,245	39,866,481
July 1, 2020	20	39,866,481	2,664,785	3,637,245	38,894,021
July 1, 2021	19	38,894,021	2,596,713	3,637,245	37,853,489
July 1, 2022	18	37,853,489	2,523,876	3,637,245	36,740,120
July 1, 2023	17	36,740,120	2,445,940	3,637,245	35,548,815
July 1, 2024	16	35,548,815	2,362,549	3,637,245	34,274,119
July 1, 2025	15	34,274,119	2,273,320	3,637,245	32,910,194
July 1, 2026	14	32,910,194	2,177,845	3,637,245	31,450,794
July 1, 2027	13	31,450,794	2,075,687	3,637,245	29,889,236
July 1, 2028	12	29,889,236	1,966,378	3,637,245	28,218,369
July 1, 2029	11	28,218,369	1,849,418	3,637,245	26,430,542
July 1, 2030	10	26,430,542	1,724,270	3,637,245	24,517,567
July 1, 2031	9	24,517,567	1,590,362	3,637,245	22,470,684
July 1, 2032	8	22,470,684	1,447,080	3,637,245	20,280,519
July 1, 2033	7	20,280,519	1,293,768	3,637,245	17,937,042
July 1, 2034	6	17,937,042	1,129,725	3,637,245	15,429,522
July 1, 2035	5	15,429,522	954,198	3,637,245	12,746,475
July 1, 2036	4	12,746,475	766,385	3,637,245	9,875,615
July 1, 2037	3	9,875,615	565,425	3,637,245	6,803,795
July 1, 2038	2	6,803,795	350,397	3,637,245	3,516,947
July 1, 2039	1	3,516,947	120,318	3,637,245	20

Unfunded liability at December 31, 2014 projected to July 1, 2016 with 7.00% interest. Payment based on 7.00% interest over 24 years beginning on Fiscal Year beginning July 1, 2016.

AMORTIZATION PAYOFF SCHEDULE (CONTINUED)

Date	Period	Unfunded Liability (BOY)	Interest	Payment($)	Unfunded Liability (EOY)
December 31, 2014		$45,440,731			
July 1, 2016	24	49,591,142	$2,861,465	$3,837,369	$48,615,238
July 1, 2017	23	48,615,238	2,802,911	3,837,369	47,580,780
July 1, 2018	22	47,580,780	2,740,844	3,837,369	46,484,255
July 1, 2019	21	46,484,255	2,675,052	3,837,369	45,321,938
July 1, 2020	20	45,321,938	2,605,313	3,837,369	44,089,882
July 1, 2021	19	44,089,882	2,531,390	3,837,369	42,783,903
July 1, 2022	18	42,783,903	2,453,031	3,837,369	41,399,565
July 1, 2023	17	41,399,565	2,369,971	3,837,369	39,932,167
July 1, 2024	16	39,932,167	2,281,927	3,837,369	38,376,725
July 1, 2025	15	38,376,725	2,188,600	3,837,369	36,727,956
July 1, 2026	14	36,727,956	2,089,674	3,837,369	34,980,261
July 1, 2027	13	34,980,261	1,984,813	3,837,369	33,127,705
July 1, 2028	12	33,127,705	1,873,659	3,837,369	31,163,995
July 1, 2029	11	31,163,995	1,755,837	3,837,369	29,082,463
July 1, 2030	10	29,082,463	1,630,945	3,837,369	26,876,039
July 1, 2031	9	26,876,039	1,498,559	3,837,369	24,537,229
July 1, 2032	8	24,537,229	1,358,231	3,837,369	22,058,091
July 1, 2033	7	22,058,091	1,209,482	3,837,369	19,430,204
July 1, 2034	6	19,430,204	1,051,809	3,837,369	16,644,644
July 1, 2035	5	16,644,644	884,675	3,837,369	13,691,950
July 1, 2036	4	13,691,950	707,514	3,837,369	10,562,095
July 1, 2037	3	10,562,095	519,723	3,837,369	7,244,449
July 1, 2038	2	7,244,449	320,664	3,837,369	3,727,744
July 1, 2039	1	3,727,744	109,661	3,837,369	36

Unfunded liability at December 31, 2014 projected to July 1, 2016 with 6.00% interest. Payment based on 6.00% interest over 24 years beginning on Fiscal Year beginning July 1, 2016.

AMORTIZATION PAYOFF SCHEDULE (CONCLUDED)

Date	Period	Unfunded Liability (BOY)	Interest	Payment($)	Unfunded Liability (EOY)
December 31, 2014		$53,160,253			
July 1, 2016	24	57,196,702	$2,759,537	$4,044,799	$55,911,440
July 1, 2017	23	55,911,440	2,695,274	4,044,799	54,561,915
July 1, 2018	22	54,561,915	2,627,798	4,044,799	53,144,914
July 1, 2019	21	53,144,914	2,556,948	4,044,799	51,657,063
July 1, 2020	20	51,657,063	2,482,555	4,044,799	50,094,819
July 1, 2021	19	50,094,819	2,404,443	4,044,799	48,454,463
July 1, 2022	18	48,454,463	2,322,425	4,044,799	46,732,089
July 1, 2023	17	46,732,089	2,236,307	4,044,799	44,923,597
July 1, 2024	16	44,923,597	2,145,882	4,044,799	43,024,680
July 1, 2025	15	43,024,680	2,050,936	4,044,799	41,030,817
July 1, 2026	14	41,030,817	1,951,243	4,044,799	38,937,261
July 1, 2027	13	38,937,261	1,846,565	4,044,799	36,739,027
July 1, 2028	12	36,739,027	1,736,654	4,044,799	34,430,882
July 1, 2029	11	34,430,882	1,621,246	4,044,799	32,007,329
July 1, 2030	10	32,007,329	1,500,069	4,044,799	29,462,599
July 1, 2031	9	29,462,599	1,372,832	4,044,799	26,790,632
July 1, 2032	8	26,790,632	1,239,234	4,044,799	23,985,067
July 1, 2033	7	23,985,067	1,098,956	4,044,799	21,039,224
July 1, 2034	6	21,039,224	951,663	4,044,799	17,946,088
July 1, 2035	5	17,946,088	797,007	4,044,799	14,698,296
July 1, 2036	4	14,698,296	634,617	4,044,799	11,288,114
July 1, 2037	3	11,288,114	464,108	4,044,799	7,707,423
July 1, 2038	2	7,707,423	285,073	4,044,799	3,947,697
July 1, 2039	1	3,947,697	97,087	4,044,799	(15)

Unfunded liability at December 31, 2014 projected to July 1, 2016 with 5.00% interest. Payment based on 5.00% interest over 24 years beginning on Fiscal Year beginning July 1, 2016.

HISTORICAL FUNDED RATIO

Actuarial Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age* (b)	Unfunded (Overfunded) AAL (b)-(a)	Funded Ratio (a)/(b)	Present Value of Future Benefits (c)
2002	$ 3,848,290	$ 31,428,806	$27,580,516	12.2 %	
2006	8,668,479	62,970,849	54,302,370	13.8 %	$ 78,598,803
2008	8,148,464	51,985,601	43,837,137	15.7 %	59,820,933
2010	12,465,300	51,703,768	39,238,468	24.1 %	56,122,549
2012	14,793,096	52,084,559	37,291,463	28.4 %	55,770,806
2014	18,767,341	57,762,426	38,995,085	32.5 %	61,145,319

* *Results based on 7.00% interest.*

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.

GLOSSARY

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.

APPENDIX C

OVERVIEW

GASB BACKGROUND

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. The information is designed to assist you in complying with Governmental Accounting Standards Board (GASB) Statements No. 43 and No. 45. 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 in the future when they retire.

GASB Statements No. 43 and No. 45 were released in the spring of 2004. GASB Statement No. 43 covers the accounting rules for OPEB *plans* while GASB Statement No. 45 describes the rules for *employers* sponsoring OPEB plans. Your auditor can assist you in determining which statements apply to your particular situation.

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.

GASB Statement No. 45

Among the requirements of Statement No. 45 are recognition each year of an expense called the Annual OPEB Cost, and the accumulation of a liability to be disclosed on the employer's Statement of Net Assets called the Net OPEB Obligation (NOO).

The fundamental items required to determine the Annual OPEB Cost and the NOO are:

- the Annual Required Contribution (ARC)
- the Employer's Contributions in relation to the ARC

Although GASB does not require OPEB contributions, it has chosen to call the base component of the annual OPEB cost the Annual Required Contribution. The ARC is provided in this report.

Paragraph 13g. of Statement No. 45 states:

> "An employer has made a contribution in relation to the ARC if the employer has:
>
> 1. made payments of benefits directly to or on behalf of a retiree or beneficiary,
> 2. made premium payments to an insurer, or
> 3. irrevocably transferred assets to a trust, or equivalent arrangement in which Plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the Plan and are legally protected from creditors of the employer(s) or plan administrator."

For each fiscal year shown in this report, we have provided the ARC and the estimated benefits and/or premiums (based on valuation assumptions).

The NOO is the cumulative difference between the Annual OPEB Cost each year and the Employer's Contribution in relation to the ARC. The Annual OPEB Cost for a year is equal to:

- the ARC, plus
- interest on the prior year's NOO, plus
- amortization of the prior year's NOO.

The Annual OPEB Cost and NOO are generally developed by the Plan Sponsor's auditor based on information contained herein and elsewhere.

GASB Statement No. 43

If the Plan has assets for Statement No. 43 purposes, then certain additional information useful in complying with the Statement is contained in this report.

OPEB PRE-FUNDING

Many employers fund retiree health care benefits using the pay-as-you-go (or cash disbursement) method. Under this method, the employer's annual contribution is equal to the actual disbursements during the year for OPEB for retired employees. This method of funding will result in increasing contributions over time. First, per capita cash disbursements will tend to increase from year to year as the cost of health care services, or the utilization of these services, increases. Second, the number of retired members is likely to increase for years to come. The more retirees, the greater the disbursements as a percentage of employee payroll.

A retiree health care plan is similar to a defined benefit pension plan in that promises are made to employees to provide them with a benefit payable at some future date. For defined benefit pension plan sponsors, a common funding objective is to contribute to a fund, annual amounts which will i) remain level as a percentage of active member payroll, and ii) when combined with present assets and future investment return be sufficient to meet the financial obligations of the Plan to current and future retirees. The GASB statements are not funding requirements. They are accounting standards that require plan sponsors to calculate the annual expense associated with OPEB using certain methods.

The ultimate determination as to the level of pre-funding will be the result of decisions made in an attempt to support benefit security for members and the fiscal management needs of the employer.