



MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
ANNUAL ACTUARIAL VALUATION REPORT DECEMBER 31, 2017
MANISTEE CRC (5103)



Spring, 2018

Manistee CRC

In care of:
Municipal Employees' Retirement System of Michigan
1134 Municipal Way
Lansing, Michigan 48917

This report presents the results of the Annual Actuarial Valuation, prepared as of December 31, 2017. The report includes the determination of liabilities and contribution rates resulting from the participation of Manistee CRC (5103) in the Municipal Employees' Retirement System of Michigan ("MERS"). MERS is an independent, professional retirement services company that was created to administer retirement plans for Michigan municipalities on a not-for-profit basis. This report contains the minimum actuarially determined contribution requirement, in alignment with the MERS Plan Documents, funding policy and Michigan Constitution. Manistee CRC is responsible for the employer contributions needed to provide MERS benefits for its employees and former employees under the Michigan Constitution and the MERS Plan Document.

The purpose of the December 31, 2017 annual actuarial valuation is to:

- Measure funding progress
- Establish contribution requirements for the fiscal year beginning October 1, 2019
- Provide actuarial information in connection with applicable Governmental Accounting Standards Board (GASB) statements

This valuation report should not be relied upon for any other purpose. Reliance on information contained in this report by anyone for anything other than the intended purpose could be misleading.

The valuation uses financial data, plan provision data, and participant data as of December 31, 2017 furnished by MERS. In accordance with Actuarial Standards of Practice No. 23, the data was checked for internal and year to year consistency as well as general reasonableness, but was not otherwise audited. CBIZ Retirement Plan Services does not assume responsibility for the accuracy or completeness of the data used in this valuation.

The actuarial assumptions and methods are adopted by the MERS Retirement Board, and are reviewed every five years in an Experience Study. The most recent study was completed in 2015. Please refer to the division-specific assumptions described in table(s) in this report, and to the Appendix on the MERS website at:

www.mersofmich.com/Portals/0/Assets/Resources/AAV-Appendix/MERS-2017AnnualActuarialValuation-Appendix.pdf.



The actuarial assumptions used for this valuation produce results that we believe are reasonable.

To the best of our knowledge, this report is complete and accurate, was prepared in conformity with generally recognized actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and is in compliance with Act No. 220 of the Public Acts of 1996, as amended, and the MERS Plan Document as revised. All of the undersigned 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. The Retirement Board of the Municipal Employees' Retirement System of Michigan confirms that the System provides for payment of the required employer contribution as described in Section 20m of Act No. 314 of 1965 (MCL 38.1140m).

This information is purely actuarial in nature. It is not intended to serve as a substitute for legal, accounting or investment advice.

This report was prepared at the request of the Retirement Board and may be provided only in its entirety by the municipality to other interested parties (MERS customarily provides the full report on request to associated third parties such as the auditor for the municipality). CBIZ Retirement Plan Services is not responsible for the consequences of any unauthorized use.

You should notify MERS if you disagree with anything contained in the report or are aware of any information that would affect the results of the report that have not been communicated to us. If you have reason to believe that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not described, that conditions have changed since the calculations were made, that the information provided in this report is inaccurate or is in anyway incomplete, or if you need further information in order to make an informed decision on the subject matter in this report, please contact your Regional Manager at 1.800.767.MERS (6377).

Sincerely,

Cathy Nagy, MAAA, FSA
Jim Koss, MAAA, ASA
Curtis Powell, MAAA, EA

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Executive Summary

Funded Ratio and Required Employer Contributions

The MERS Defined Benefit Plan is an agent multiple-employer plan, meaning that assets are pooled for investment purposes but separate accounts are maintained for each individual employer. Each municipality is responsible for their own plan liabilities; MERS does not borrow from one municipality's account to pay for another.

The funded ratio of a plan is the percentage of the dollar value of the accrued benefits that is covered by the actuarial value of assets.

Your Funded Ratio:

	12/31/2017 *	12/31/2016
Funded Ratio	66%	65%

* Reflects assets from Surplus divisions, if any.

Michigan Law requires that pension plans be pre-funded, meaning money is set aside now to pay for future benefits. Pension plans are usually funded by employer and employee contributions, and investment income.

How quickly a plan attains the 100% funding goal depends on many factors such as:

- The current funded ratio
- The future experience of the plan
- The amortization period

It is more important to look at the trend in the funded ratio over a period of time than at a particular point in time.

Your Required Employer Contributions:

Your computed employer contributions are shown in the following table. Employee contributions, if any, are in addition to the computed employer contributions. Changes to the assumptions and methods based on the 2015 Experience Study were first reflected in the December 31, 2015 valuations. The impact of these changes is being phased-in over a 5 year period. The phase-in allows the employer to spread the impact of the new assumptions over 5 fiscal years. This valuation reflects the third year of the phase-in.

Your minimum required contribution is the amount in the “Phase-in” columns. By default, MERS will invoice you the phased-in contribution amount, but strongly encourages you to contribute more than the minimum required contribution. If for 2018 your municipality is making employer contributions based on rates without the phase-in applied, contact MERS to ensure the No Phase-in rate is used again for 2019 and not the defaulted phase-in rates.

	Percentage of Payroll				Monthly \$ Based on Projected Payroll			
	Phase-in	No Phase-in	Phase-in	No Phase-in	Phase-in	No Phase-in	Phase-in	No Phase-in
Valuation Date:	12/31/2017	12/31/2017	12/31/2016	12/31/2016	12/31/2017	12/31/2017	12/31/2016	12/31/2016
Fiscal Year Beginning:	October 1, 2019	October 1, 2019	October 1, 2018	October 1, 2018	October 1, 2019	October 1, 2019	October 1, 2018	October 1, 2018
Division								
01 - General	-	-	-	-	\$ 22,498	\$ 23,750	\$ 24,968	\$ 26,846
10 - NonUnEmp	-	-	-	-	3,250	3,360	211	376
11 - Sr Adm Emp	-	-	-	-	14,429	15,361	14,030	15,428
12 - General hired after 7/	-	-	9.72%	9.89%	1,728	1,764	3,007	3,061
13 - Non Union hired after	13.95%	14.21%	14.03%	14.51%	1,493	1,521	1,223	1,265
14 - Gnrl hired on/aftr 9/1	6.67%	6.67%			1,616	1,616		
Municipality Total					\$ 45,014	\$ 47,372	\$ 43,439	\$ 46,976

Employee contribution rates reflected in the valuations are shown below:

Valuation Date:	Employee Contribution Rate	
	12/31/2017	12/31/2016
Division		
01 - General	2.00%	0.00%
10 - NonUnEmp	0.00%	0.00%
11 - Sr Adm Emp	5.90%	5.90%
12 - General hired after 7/	5.00%	5.00%
13 - Non Union hired after	5.00%	5.00%
14 - Gnrl hired on/aftr 9/1	5.00%	0.00%

The employer may contribute more than the minimum required contributions, as these additional contributions will earn investment income and may result in lower future contribution requirements.

Employers making contributions in excess of the minimum requirements may elect to apply the excess contribution immediately to a particular division, or segregate the excess into one or more of what MERS calls "Surplus" divisions. An election in the first case would immediately reduce any unfunded accrued liability and lower the amortization payments throughout the remaining amortization period. An election to set up Surplus divisions would not immediately lower future contributions, however the assets from the Surplus divisions could be transferred to an unfunded division in the future to reduce the unfunded liability in future years, or to be used to pay all or a portion of the minimum required contribution in a future year. For purposes of this report, the assets in any Surplus division have been included in the municipality's total assets, unfunded accrued liability and funded status, however, these assets are not used in calculating the minimum required contribution.

MERS strongly encourages employers to contribute more than the minimum contribution shown above.

Assuming that experience of the plan meets actuarial assumptions:

- To accelerate to a 100% funding ratio in 10 years, estimated monthly employer contributions for the fiscal year beginning in 2019 for the entire employer would be \$52,182, instead of \$47,372.

If you are interested in making additional contributions, please contact MERS and they can assist you with evaluating your options.

How and Why Do These Numbers Change?

In a defined benefit plan, contributions vary from one annual actuarial valuation to the next as a result of the following:

- Changes in benefit provisions (see Table 2)
- Changes in actuarial assumptions and methods (see the [Appendix](#))
- Experience of the plan (investment experience and demographic experience); this is the difference between actual experience of the plan and the actuarial assumptions. For example:
 - o Lower actual investment returns would result in higher required employer contributions, and vice-versa.
 - o Smaller than assumed pay increases would lower required employer contributions.
 - o Reductions in the number of active employees would lower required contribution dollars, but would usually increase the contribution rate expressed as a percentage of (the now lower) payroll.
 - o Retirements at earlier ages than assumed would usually increase required employer contributions.
 - o More non-vested terminations of employment than assumed would decrease required contributions.
 - o More disabilities or survivor (death) benefits than assumed would increase required contributions.
 - o Longer lifetimes after retirement than assumed would increase required employer contributions.

Actuarial valuations do not affect the ultimate cost of the plan; the benefit payments (current and future) determine the cost of the plan. Actuarial valuations only affect the timing of the contributions into the plan. Because assumptions are for the long term, plan experience will not match the actuarial assumptions in any given year (except by coincidence). Each annual actuarial valuation will adjust the required employer contributions up or down based on the prior year's actual experience.

Comments on Investment Return Assumption and Asset Smoothing

A defined benefit plan is funded by employer contributions, participant contributions, and investment earnings. Investment earnings have historically provided **more than half** of the funding. The larger the share of benefits being provided from investment returns, the smaller the required contributions, and vice versa. Determining the contributions required to prefund the promised retirement benefits requires an assumption of what investment earnings are expected to add to the fund over a long period of time. This is called the **Investment Return Assumption**.

The MERS Investment Return Assumption is **7.75%** per year. This, along with all of our other actuarial assumptions, is reviewed every five years in an Experience Study that compares the assumptions used against actual experience and recommends adjustments if necessary. If your municipality would like to explore contributions at lower investment return assumptions, please review the budget projection scenarios later in this report.

To avoid dramatic spikes and dips in annual contribution requirements due to short term fluctuations in asset markets, MERS applies a technique called **asset smoothing**. This spreads out each year's investment gains or losses over the prior year and the following four years. This smoothing method is used to determine your actuarial value of assets (valuation assets), which is then used to determine both your funded ratio and your required contributions. The (smoothed) **actuarial rate of return for 2017 was 6.08%, while the actual market rate of return was 13.07%**. To see historical details of the market rate of return, compared to the smoothed actuarial rate of return, refer to this report's [Appendix](#), or visit our [Defined Benefit resource page](#) on the MERS website.

As of December 31, 2017 the actuarial value of assets is 101% of market value due to asset smoothing. This means that meeting the actuarial assumption in the next few years will require average annual market returns that exceed the 7.75% investment return assumption, or contribution requirements will continue to increase.

If the December 31, 2017 valuation results were based on market value instead of the actuarial value:

- The funded percent of your entire municipality would be 65% (instead of 66%); and
- Your total employer contribution requirement for the fiscal year starting October 1, 2019 would be \$577,236 (instead of \$568,464).

Risk Characteristics of Defined Benefit Plans

It is important to understand that Defined Benefit retirement plans, the plan sponsor, and the plan participants are exposed to certain risks. While risks cannot be eliminated entirely, they can be managed through various strategies. Below are a few examples of risk (this is not an all-inclusive list):

- Economic - investment return, wage inflation, etc.
- Demographic - longevity, disability, retirement, etc.
- Plan Sponsor and Employees - contribution volatility, attract/retain employees, etc.

The MERS Retirement Board adopts certain assumptions and methods to manage the economic and demographic risks, and the contribution volatility risks. For example, the investment risk is the largest economic risk and is managed by having a balanced portfolio and a clearly defined investment strategy. Demographic risks are managed by preparing special studies called experience studies on a regular basis to determine if the assumptions used are reasonable compared to the experience. An Experience Study is completed every five years to review the assumptions and methods. The next Experience Study will be completed in 2020.

Risk can also be managed through a plan design that provides benefits that are sustainable in the long run.

The Actuarial Standards Board has issued Actuarial Standards of Practice (ASOP) No. 51. This standard will be effective for any actuarial work with a measurement date on or after November 1, 2018. This means, the December 31, 2018 and later annual actuarial valuation reports for MERS will have to comply with this standard. This standard will require the actuary to identify risks that, in the actuary's professional judgment may significantly impact the plan's future financial condition. The actuary will have to assess the potential effects of the identified risks on the plan's future financial condition. The assessment may or may not be based on numerical calculations. However, the assessment should reflect the specifics of the plan (i.e. funded status, plan demographics, funding policy, etc.). If the actuary concludes that numerical calculations are necessary to assess the risk, the actuary can use various methods to quantify the risk such as scenario tests, sensitivity tests, stress tests, etc.

Some of these risk assessment measures have already been incorporated in the MERS annual valuation reports. For example, the projections of funded percentage and employer contributions shown on the following pages could be used to gauge the risk associated with long term investment rates of return different than the assumed 7.75% annual rate. A history of the municipality's funded percentage as shown in Table 7, could indicate the trend in funded status over time.

Alternate Scenarios to Estimate the Potential Volatility of Results ("What If Scenarios")

The calculations in this report are based on assumptions about long-term economic and demographic behavior. These assumptions will never materialize in a given year, except by coincidence. Therefore

the results will vary from one year to the next. The volatility of the results depends upon the characteristics of the plan. For example:

- Open divisions that have substantial assets compared to their active employee payroll will have more volatile employer contribution rates due to investment return fluctuations.
- Open divisions that have substantial accrued liability compared to their active employee payroll will have more volatile employer contribution rates due to demographic experience fluctuations.
- Small divisions will have more volatile contribution patterns than larger divisions because statistical fluctuations are relatively larger among small populations.
- Shorter amortization periods result in more volatile contribution patterns.

The analysis in this section is intended to review the potential volatility of the actuarial valuation results. It is important to note that calculations in this report are mathematical estimates based upon assumptions regarding future events, which may or may not materialize. Actuarial calculations can and do vary from one valuation to the next, sometimes significantly depending on the group's size.

Many assumptions are important in determining the required employer contributions. In the table below, we show the impact of varying the Investment Return Assumption. Lower investment returns would result in higher required employer contributions, and vice-versa.

The relative impact of each investment return scenario below will vary from year to year, as the participant demographics change. The impact of each scenario should be analyzed for a given year, not from year to year. The results in the table are based on the December 31, 2017 valuation, and are for the municipality in total, not by division. These results do not reflect a 5-year phase in of the impact of the new actuarial assumptions.

	Assumed Future Annual Smoothed Investment Return Assumption			
	Lower Future Annual Returns		Valuation Assumption	Higher Returns
	5.75%	6.75%	7.75%	8.75%
12/31/2017 Valuation Results				
Accrued Liability	\$ 15,690,362	\$ 14,198,600	\$ 12,919,691	\$ 11,816,862
Valuation Assets ¹	\$ 8,544,606	\$ 8,544,606	\$ 8,544,606	\$ 8,544,606
Unfunded Accrued Liability	\$ 7,145,756	\$ 5,653,994	\$ 4,375,085	\$ 3,272,256
Funded Ratio	55%	60%	66%	72%
Monthly Normal Cost	\$ 16,375	\$ 12,602	\$ 9,654	\$ 7,343
Monthly Amortization Payment	\$ 59,689	\$ 50,815	\$ 37,718	\$ 34,325
Total Employer Contribution²	\$ 76,064	\$ 63,417	\$ 47,372	\$ 41,668

¹ The Valuation Assets include assets from Surplus divisions, if any.

² If assets exceed accrued liabilities for a division, the division's amortization payment is negative and is used to reduce the division's employer contribution requirement. If the overfunding credit is larger than the normal cost, the division's full credit is included in the municipality's amortization payment above but the division's total contribution requirement is zero. This can cause the displayed normal cost and amortization payment to not add up to the displayed total employer contribution.

Projection Scenarios

The next two pages show projections of the plan's funded ratio and computed employer contributions under the actuarial assumptions used in the valuation and alternate assumed long-term investment return assumption scenarios. All four projections take into account the past investment losses that will continue to affect the actuarial rate of return in the short term. Under the 7.75% scenarios in the table on the next page, two sets of projections are shown:

- Based on the phase-in over 5 fiscal years (beginning in 2017) of the increased contribution requirements associated with the new actuarial assumptions. This projects your minimum required contribution.
- Based on no phase-in of the increased contribution requirements.

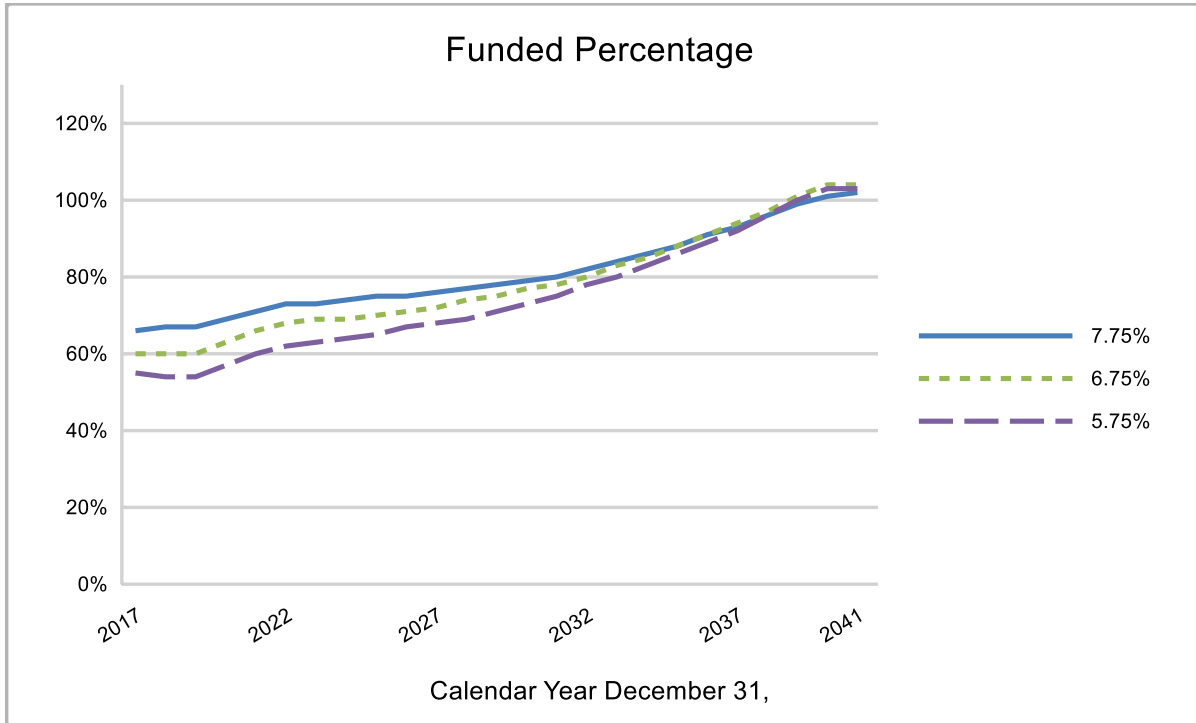
The 7.75% scenarios provide an estimate of computed employer contributions based on current actuarial assumptions, and a projected 7.75% market return. The other two scenarios may be useful if the municipality chooses to budget more conservatively, and make contributions in addition to the minimum requirements. The 6.75% and 5.75% projections provide an indication of the potential required employer contribution if MERS were to realize annual investment returns of 6.75% and 5.75% over the long-term.

The projections are shown both in tabular and graphical form in total for the employer. The tables show projections for six years. The graphs show projections for twenty five years.

Valuation Year Ending 12/31	Fiscal Year Beginning 10/1	Actuarial Accrued Liability	Valuation Assets ²	Funded Percentage	Computed Annual Employer Contribution
7.75%¹					
WITH 5-YEAR PHASE-IN					
2017	2019	\$ 12,919,691	\$ 8,544,606	66%	\$ 540,168
2018	2020	13,200,000	8,760,000	67%	594,000
2019	2021	13,400,000	8,910,000	67%	648,000
2020	2022	13,600,000	9,310,000	69%	445,000
2021	2023	13,700,000	9,740,000	71%	455,000
2022	2024	13,900,000	10,100,000	73%	472,000
NO 5-YEAR PHASE-IN					
2017	2019	\$ 12,919,691	\$ 8,544,606	66%	\$ 568,464
2018	2020	13,200,000	8,760,000	67%	605,000
2019	2021	13,400,000	8,920,000	67%	644,000
2020	2022	13,600,000	9,340,000	69%	443,000
2021	2023	13,700,000	9,780,000	71%	452,000
2022	2024	13,900,000	10,100,000	73%	469,000
6.75%¹					
NO 5-YEAR PHASE-IN					
2017	2019	\$ 14,198,600	\$ 8,544,606	60%	\$ 761,004
2018	2020	14,400,000	8,680,000	60%	787,000
2019	2021	14,600,000	8,790,000	60%	830,000
2020	2022	14,800,000	9,310,000	63%	552,000
2021	2023	15,000,000	9,850,000	66%	566,000
2022	2024	15,100,000	10,300,000	68%	587,000
5.75%¹					
NO 5-YEAR PHASE-IN					
2017	2019	\$ 15,690,362	\$ 8,544,606	55%	\$ 912,768
2018	2020	15,900,000	8,590,000	54%	952,000
2019	2021	16,100,000	8,660,000	54%	1,000,000
2020	2022	16,300,000	9,240,000	57%	669,000
2021	2023	16,400,000	9,850,000	60%	687,000
2022	2024	16,600,000	10,300,000	62%	712,000

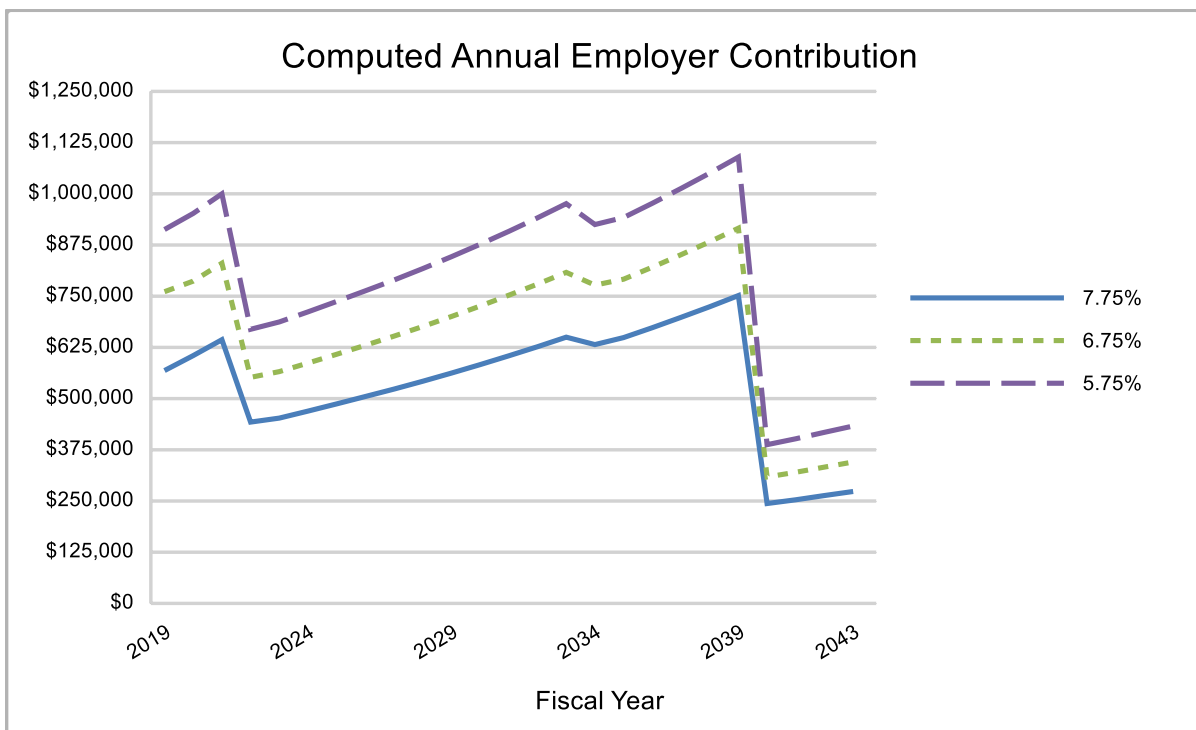
¹ Represents both the interest rate for discounting liabilities and the future investment return assumption on the Market Value of assets.

² Valuation Assets do not include assets from Surplus divisions, if any.



Notes:

All projected funded percentages are shown with no phase-in.



Notes:

All projected contributions are shown with no phase-in.

Employer Contribution Details For the Fiscal Year Beginning October 1, 2019

Table 1

Division	Total Normal Cost	Employee Contribut. Rate	Employer Contributions ¹			Computed Employer Contribut. With Phase-In	Blended ER Rate No Phase-In ⁵	Blended ER Rate With Phase-In ⁵	Employee Contribut. Conversion Factor ²
			Employer Normal Cost	Payment of the Unfunded Accrued Liability ⁴	Computed Employer Contribut. No Phase-In				
Percentage of Payroll									
01 - General	10.26%	2.00%	-	-	-	-	30.30%	28.86%	
10 - NonUnEmp	9.32%	0.00%	-	-	-	-	19.60%	19.05%	
11 - Sr Adm Emp	0.00%	5.90%	-	-	-	-	-	-	
12 - General hired afte	12.36%	5.00%	-	-	-	-	30.30%	28.86%	
13 - Non Union hired af	18.68%	5.00%	13.68%	0.53%	14.21%	13.95%	19.60%	19.05%	0.96%
14 - Gnrl hired on/aftr	11.69%	5.00%	6.69%	-0.02%	6.67%	6.67%	30.30%	28.86%	0.88%
Estimated Monthly Contribution³									
01 - General			\$ 4,022	\$ 19,728	\$ 23,750	\$ 22,498			
10 - NonUnEmp			1,323	2,037	3,360	3,250			
11 - Sr Adm Emp			0	15,361	15,361	14,429			
12 - General hired afte			1,225	539	1,764	1,728			
13 - Non Union hired af			1,464	57	1,521	1,493			
14 - Gnrl hired on/aftr			1,620	(4)	1,616	1,616			
Total Municipality			\$ 9,654	\$ 37,718	\$ 47,372	\$ 45,014			
Estimated Annual Contribution³			\$ 115,848	\$ 452,616	\$ 568,464	\$ 540,168			

¹ The above employer contribution requirements are in addition to the employee contributions, if any.

² If employee contributions are increased/decreased by 1.00% of pay, the employer contribution requirement will decrease/increase by the Employee Contribution Conversion Factor. The conversion factor is usually under 1%, because employee contributions may be refunded at termination of employment, and not used to fund retirement pensions. Employer contributions will all be used to fund pensions.

³ For divisions that are open to new hires, estimated contributions are based on projected fiscal year payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts. For divisions that will have no new hires (i.e. closed divisions), invoices will be based on the above dollar amounts which are based on projected fiscal year payroll. See description of Open Divisions and Closed Divisions in the [Appendix](#).

⁴ If projected assets exceed projected liabilities as of the beginning of the October 1, 2019 fiscal year, the negative unfunded accrued liability is treated as overfunding credit and is used to reduce the contribution. This amortization is used to reduce the employer contribution rate. Note that if the overfunding credit is larger than the normal cost, the full credit is shown above but the total contribution requirement is zero. This will cause the displayed normal cost and unfunded accrued liability contributions to not add across.

- ⁵ For linked divisions, the employer will be invoiced the Computed Employer Contribution with Phase-in rate shown above for each linked division (a contribution rate for the open division; a contribution dollar for the closed-but-linked division), unless the employer elects to contribute the Blended Employer Contribution rate shown above, by contacting MERS at 800-767-MERS (6377).

Please see the Comments on Asset Smoothing in the Executive Summary of this report.

Benefit Provisions

Table 2

01 - General: Closed to new hires, linked to Division 14

	2017 Valuation	2016 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/30	55/30
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	2%	0%
Act 88:	No	No

10 - NonUnEmp: Closed to new hires, linked to Division 13

	2017 Valuation	2016 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/30	55/30
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	0%	0%
Act 88:	No	No

11 - Sr Adm Emp: Closed to new hires

	2017 Valuation	2016 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/30	55/30
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions:	5.90%	5.90%
RS50% Percentage:	50%	50%
Act 88:	No	No

Table 2 (continued)

12 - General hired after 7/1/09: Closed to new hires, linked to Division 14

	2017 Valuation	2016 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/30	55/30
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	5%	5%
Act 88:	No	No

13 - Non Union hired after 7/1/09: Open Division, linked to Division 10

	2017 Valuation	2016 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/30	55/30
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	5%	5%
Act 88:	No	No

14 - Gnrl hired on/aftr 9/18/17: Open Division, linked to Division 01, 12

	2017 Valuation	2016 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)	-
Normal Retirement Age:	60	-
Vesting:	10 years	-
Early Retirement (Unreduced):	55/30	-
Early Retirement (Reduced):	50/25	-
	55/15	-
Final Average Compensation:	5 years	-
Employee Contributions:	5%	-
Act 88:	No	-

Participant Summary

Table 3

Division	2017 Valuation		2016 Valuation		2017 Valuation		
	Number	Annual Payroll ¹	Number	Annual Payroll ¹	Average Age	Average Benefit Service ²	Average Eligibility Service ²
01 - General							
Active Employees	16	\$ 665,786	20	\$ 833,243	53.2	20.4	20.4
Vested Former Employees	2	52,978	2	52,978	56.3	23.3	23.9
Retirees and Beneficiaries	36	634,406	35	618,911	72.1		
10 - NonUnEmp							
Active Employees	4	\$ 194,550	2	\$ 83,697	55.2	25.0	25.1
Vested Former Employees	2	29,670	2	29,670	49.8	9.1	13.4
Retirees and Beneficiaries	2	19,519	2	19,519	70.0		
11 - Sr Adm Emp							
Active Employees	0	\$ 0	0	\$ 0	0.0	0.0	0.0
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	5	203,967	5	200,037	75.5		
12 - General hired after							
Active Employees	7	\$ 223,239	5	\$ 175,790	48.2	5.0	6.9
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	0	0	0	0	0.0		
13 - Non Union hired afte							
Active Employees	1	\$ 75,452	1	\$ 75,145	60.4	4.1	10.8
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	0	0	0	0	0.0		
14 - Gnrl hired on/aftr 9							
Active Employees	3	\$ 82,080		\$	43.0	0.1	6.2
Vested Former Employees	0	0			0.0	0.0	0.0
Retirees and Beneficiaries	0	0			0.0		
Total Municipality							
Active Employees	31	\$ 1,241,107	28	\$ 1,167,875	51.6	15.0	16.3
Vested Former Employees	4	82,648	4	82,648	53.1	16.2	18.7
Retirees and Beneficiaries	43	857,892	42	838,467	72.4		
Total Participants	78		74				

¹ Annual payroll for active employees; annual deferred benefits payable for vested former employees; annual benefits being paid for retirees and beneficiaries.

² Description can be found under Miscellaneous and Technical Assumptions in the [Appendix](#).

Reported Assets (Market Value)

Table 4

Division	2017 Valuation		2016 Valuation	
	Employer and Retiree ¹	Employee ²	Employer and Retiree ¹	Employee ²
01 - General	\$ 5,882,779	\$ 3,626	\$ 5,769,367	\$ 0
10 - NonUnEmp	1,104,361	0	762,537	0
11 - Sr Adm Emp	1,247,203	0	1,048,382	0
12 - General hired after 7/1/09	121,500	35,223	81,021	23,772
13 - Non Union hired after 7/1/09	38,263	15,375	22,706	11,402
14 - Gnrl hired on/aftr 9/18/17	284	342		
Municipality Total	\$ 8,394,390	\$ 54,566	\$ 7,684,013	\$ 35,174
Combined Assets	\$8,448,956		\$7,719,187	

¹ Reserve for Employer Contributions and Benefit Payments

² Reserve for Employee Contributions

The December 31, 2017 valuation assets (actuarial value of assets) are equal to 1.011321 times the reported market value of assets (compared to 1.077095 as of December 31, 2016). The derivation of valuation assets is described, and detailed calculations of valuation assets are shown, in the [Appendix](#).

Flow of Valuation Assets

Table 5

Year Ended 12/31	Employer Contributions		Employee Contributions	Investment Income (Valuation Assets)	Benefit Payments	Employee Contribution Refunds	Net Transfers	Valuation Asset Balance
	Required	Additional						
2007	\$ 397,589		\$ 0	\$ 348,435	\$ (489,606)	\$ 0	\$ (2,040)	\$ 4,572,900
2008	557,186		0	240,919	(533,641)	0	0	4,837,364
2009	666,812		0	284,493	(585,294)	0	0	5,203,375
2010	706,644		159	339,508	(589,763)	0	0	5,659,923
2011	463,451	\$ 240,000	1,566	337,527	(597,574)	0	(160)	6,104,733
2012	481,109	140,000	2,473	300,351	(637,577)	0	0	6,391,089
2013	568,099	100,000	2,811	400,307	(679,827)	0	0	6,782,479
2014	807,629	0	7,134	409,487	(688,035)	0	0	7,318,694
2015	831,470	0	9,697	399,309	(722,218)	0	0	7,836,952
2016	778,940	0	11,177	441,225	(753,996)	0	0	8,314,298
2017	464,381	101,136	18,774	497,704	(851,687)	0	0	8,544,606

Notes:

Transfers in and out are usually related to the transfer of participants between municipalities, and to employer and employee payments for service credit purchases (if any) that the governing body has approved.

Additional employer contributions, if any, are shown separately starting in 2011. Prior to 2011, additional contributions are combined with the required employer contributions.

The investment income column reflects the recognized investment income based on Valuation Assets. It does not reflect the market value investment return in any given year.

The Valuation Assets include assets from Surplus divisions, if any.

Actuarial Accrued Liabilities and Valuation Assets As of December 31, 2017

Table 6

Division	Actuarial Accrued Liability	Valuation Assets ¹	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
01 - General				
Active Employees	\$ 2,855,967	\$ 3,626	0.1%	\$ 2,852,341
Vested Former Employees	428,396	0	0.0%	428,396
Retirees And Beneficiaries	6,017,335	5,949,419	98.9%	67,916
Pending Refunds	0	0	0.0%	0
Total	\$ 9,301,698	\$ 5,953,045	64.0%	\$ 3,348,653
10 - NonUnEmp				
Active Employees	\$ 1,033,421	\$ 786,637	76.1%	\$ 246,784
Vested Former Employees	128,011	128,011	100.0%	0
Retirees And Beneficiaries	202,215	202,215	100.0%	0
Pending Refunds	0	0	0.0%	0
Total	\$ 1,363,647	\$ 1,116,863	81.9%	\$ 246,784
11 - Sr Adm Emp				
Active Employees	\$ 0	\$ 0	0.0%	\$ 0
Vested Former Employees	0	0	0.0%	0
Retirees And Beneficiaries	1,941,839	1,261,323	65.0%	680,516
Pending Refunds	0	0	0.0%	0
Total	\$ 1,941,839	\$ 1,261,323	65.0%	\$ 680,516
12 - General hired after 7/1/09				
Active Employees	\$ 248,172	\$ 158,497	63.9%	\$ 89,675
Vested Former Employees	0	0	0.0%	0
Retirees And Beneficiaries	0	0	0.0%	0
Pending Refunds	0	0	0.0%	0
Total	\$ 248,172	\$ 158,497	63.9%	\$ 89,675
13 - Non Union hired after 7/1/09				
Active Employees	\$ 64,217	\$ 54,245	84.5%	\$ 9,972
Vested Former Employees	0	0	0.0%	0
Retirees And Beneficiaries	0	0	0.0%	0
Pending Refunds	0	0	0.0%	0
Total	\$ 64,217	\$ 54,245	84.5%	\$ 9,972
14 - Gnrl hired on/aftr 9/18/17				
Active Employees	\$ 118	\$ 633	536.4%	\$ (515)
Vested Former Employees	0	0	0.0%	0
Retirees And Beneficiaries	0	0	0.0%	0
Pending Refunds	0	0	0.0%	0
Total	\$ 118	\$ 633	536.4%	\$ (515)

Table 6 (continued)

Division	Actuarial Accrued Liability	Valuation Assets¹	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
Total Municipality				
Active Employees	\$ 4,201,895	\$ 1,003,638	23.9%	\$ 3,198,257
Vested Former Employees	556,407	128,011	23.0%	428,396
Retirees and Beneficiaries	8,161,389	7,412,957	90.8%	748,432
Pending Refunds	0	0	0.0%	0
Total	\$ 12,919,691	\$ 8,544,606	66.1%	\$ 4,375,085
The following results show the combined accrued liabilities and assets for each set of linked divisions. These results are already included in the table above.				
Linked Divisions 14, 01, 12				
Active Employees	\$ 3,104,257	\$ 162,756	5.2%	\$ 2,941,501
Vested Former Employees	428,396	0	0.0%	428,396
Retirees and Beneficiaries	6,017,335	5,949,419	98.9%	67,916
Pending Refunds	0	0	0.0%	0
Total	\$ 9,549,988	\$ 6,112,175	64.0%	\$ 3,437,813
Linked Divisions 13, 10				
Active Employees	\$ 1,097,638	\$ 840,882	76.6%	\$ 256,756
Vested Former Employees	128,011	128,011	100.0%	0
Retirees and Beneficiaries	202,215	202,215	100.0%	0
Pending Refunds	0	0	0.0%	0
Total	\$ 1,427,864	\$ 1,171,108	82.0%	\$ 256,756

¹ Includes both employer and employee assets.

Please see the Comments on Asset Smoothing in the Executive Summary of this report.

Actuarial Accrued Liabilities - Comparative Schedule

Table 7

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2003	\$ 7,989,189	\$ 3,721,561	47%	\$ 4,267,628
2004	8,915,083	3,855,814	43%	5,059,269
2005	9,037,120	4,056,018	45%	4,981,102
2006	9,449,572	4,318,522	46%	5,131,050
2007	9,621,291	4,572,900	48%	5,048,391
2008	10,052,447	4,837,364	48%	5,215,083
2009	10,154,214	5,203,375	51%	4,950,839
2010	10,570,991	5,659,923	54%	4,911,068
2011	10,954,938	6,104,733	56%	4,850,205
2012	11,349,113	6,391,089	56%	4,958,024
2013	11,427,592	6,782,479	59%	4,645,113
2014	11,722,837	7,318,694	62%	4,404,143
2015	12,690,803	7,836,952	62%	4,853,851
2016	12,767,800	8,314,298	65%	4,453,502
2017	12,919,691	8,544,606	66%	4,375,085

Notes: Actuarial assumptions were revised for the 2004, 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.
The Valuation Assets include assets from Surplus divisions, if any.

Division 01 - General

Table 8-01: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2007	\$ 6,122,155	\$ 3,756,936	61%	\$ 2,365,219
2008	7,129,234	4,379,933	61%	2,749,301
2009	7,184,666	4,743,460	66%	2,441,206
2010	7,536,694	5,189,328	69%	2,347,366
2011	7,827,364	5,581,060	71%	2,246,304
2012	8,157,745	5,817,627	71%	2,340,118
2013	8,558,058	6,058,454	71%	2,499,604
2014	8,779,820	6,166,720	70%	2,613,100
2015	9,495,682	6,196,565	65%	3,299,117
2016	9,748,362	6,214,156	64%	3,534,206
2017	9,301,698	5,953,045	64%	3,348,653

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

Table 9-01: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2007	31	\$ 1,069,294	21.08%	0.00%
2008	29	1,089,410	22.86%	0.00%
2009	31	1,146,705	20.74%	0.00%
2010	31	1,183,010	20.23%	0.00%
2011	30	1,185,644	\$ 19,882	0.00%
2012	28	1,108,625	\$ 19,843	0.00%
2013	27	1,087,126	\$ 20,862	0.00%
2014	24	1,005,564	\$ 21,136	0.00%
2015	24	1,032,774	\$ 26,492	0.00%
2016	20	833,243	\$ 26,846	0.00%
2017	16	665,786	\$ 23,750	2.00%

¹ For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

² For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 6.

See the Benefit Provision History on page 37 for past benefit provision changes.

Division 10 - NonUnEmp

Table 8-10: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2007	\$ 1,211,368	\$ 800,739	66%	\$ 410,629
2008	637,268	447,048	70%	190,220
2009	688,307	501,960	73%	186,347
2010	740,212	553,461	75%	186,751
2011	796,180	604,119	76%	192,061
2012	837,459	650,364	78%	187,095
2013	794,365	697,261	88%	97,104
2014	834,056	744,217	89%	89,839
2015	936,146	785,582	84%	150,564
2016	812,300	821,325	101%	(9,025)
2017	1,363,647	1,116,863	82%	246,784

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

Table 9-10: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2007	5	\$ 268,872	16.90%	0.00%
2008	3	139,924	16.31%	0.00%
2009	3	140,649	16.05%	0.00%
2010	3	144,434	16.18%	0.00%
2011	3	145,193	\$ 2,055	0.00%
2012	3	147,175	\$ 2,060	0.00%
2013	2	77,784	\$ 1,039	0.00%
2014	2	79,095	\$ 1,065	0.00%
2015	2	84,580	\$ 1,544	0.00%
2016	2	83,697	\$ 376	0.00%
2017	4	194,550	\$ 3,360	0.00%

¹ For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

² For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 6.

See the Benefit Provision History on page 37 for past benefit provision changes.

Division 11 - Sr Adm Emp

Table 8-11: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2007	\$ 2,287,768	\$ 15,225	1%	\$ 2,272,543
2008	2,285,945	10,383	0%	2,275,562
2009	2,281,241	(42,045)	-2%	2,323,286
2010	2,294,085	(82,866)	-4%	2,376,951
2011	2,277,571	(106,554)	-5%	2,384,125
2012	2,287,389	(111,496)	-5%	2,398,885
2013	1,993,168	(19,119)	-1%	2,012,287
2014	1,975,333	339,753	17%	1,635,580
2015	2,062,686	752,631	37%	1,310,055
2016	1,965,751	1,129,207	57%	836,544
2017	1,941,839	1,261,323	65%	680,516

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

Table 9-11: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2007	0	\$ 0	\$ 13,381	0.00%
2008	0	0	\$ 14,368	0.00%
2009	0	0	\$ 15,957	0.00%
2010	0	0	\$ 17,982	0.00%
2011	0	0	\$ 24,971	0.00%
2012	0	0	\$ 44,496	0.00%
2013	0	0	\$ 50,207	0.00%
2014	0	0	\$ 12,521	0.00%
2015	0	0	\$ 15,584	0.00%
2016	0	0	\$ 15,428	5.90%
2017	0	0	\$ 15,361	5.90%

¹ For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

² For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 6.

See the Benefit Provision History on page 37 for past benefit provision changes.

Division 12 - General hired after 7/1/09

Table 8-12: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2011	\$ 53,823	\$ 26,108	49%	\$ 27,715
2012	66,520	34,594	52%	31,926
2013	82,062	45,575	56%	36,487
2014	120,111	59,385	49%	60,726
2015	165,560	82,401	50%	83,159
2016	192,669	112,872	59%	79,797
2017	248,172	158,497	64%	89,675

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

Table 9-12: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2011	2	\$ 42,403	9.45%	5.00%
2012	2	49,457	9.82%	5.00%
2013	2	53,453	10.12%	5.00%
2014	2	69,486	11.35%	5.00%
2015	4	138,036	9.86%	5.00%
2016	5	175,790	9.89%	5.00%
2017	7	223,239	\$ 1,764	5.00%

¹ For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

² For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 6.

See the Benefit Provision History on page 37 for past benefit provision changes.

Division 13 - Non Union hired after 7/1/09

Table 8-13: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2013	(61)	308	0%	(369)
2014	13,517	8,619	64%	4,898
2015	30,729	19,773	64%	10,956
2016	48,718	36,738	75%	11,980
2017	64,217	54,245	85%	9,972

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

Table 9-13: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2011	0	\$ 0	0.00%	0.00%
2013	1	33,235	13.61%	5.00%
2014	1	73,194	13.90%	5.00%
2015	1	75,140	14.53%	5.00%
2016	1	75,145	14.51%	5.00%
2017	1	75,452	14.21%	5.00%

¹ For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

² For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 6.

See the Benefit Provision History on page 37 for past benefit provision changes.

Division 14 - Gnrl hired on/aftr 9/18/17

Table 8-14: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2017	\$ 118	\$ 633	536%	\$ (515)

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

Table 9-14: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution ¹	Employee Contribution Rate ²
	Number	Annual Payroll		
2017	3	\$ 82,080	6.67%	5.00%

¹ For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

² For each valuation year, the computed employer contribution is based on the employee rate. If the employee rate changes during the applicable fiscal year, the computed employer contribution will be adjusted.

Note: The contributions shown in Table 9 for the 12/31/2015 through 12/31/2019 valuations do **not** reflect the phase-in of the increased contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above. The contribution requirements including the 5-year phase-in are shown on page 6.

See the Benefit Provision History on page 37 for past benefit provision changes.

Division 01 - General

Table 10-01: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance ¹	Original Amortization Period ²	Amounts for Fiscal Year Beginning 10/1/2019		
				Outstanding UAL Balance ³	Remaining Amortization Period ²	Annual Amortization Payment
Initial	12/31/2015	\$ 3,299,117	23	\$ 3,525,416	21	\$ 247,776
(Gain)/Loss	12/31/2016	127,419	22	146,173	21	10,272
(Gain)/Loss	12/31/2017	(267,039)	21	(304,302)	21	(21,384)
Plan Amendments	12/31/2017	830	21	946	21	72
Total				\$ 3,368,233		\$ 236,736

¹ For each type of UAL (layer), this is the original balance as of the date the layer was established.

² According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see [Appendix](#) on MERS website).

³ This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2017 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2017 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the [Appendix](#) on the MERS website for a detailed description of the amortization policy.

Division 10 - NonUnEmp

Table 10-10: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance ¹	Original Amortization Period ²	Amounts for Fiscal Year Beginning 10/1/2019		
				Outstanding UAL Balance ³	Remaining Amortization Period ²	Annual Amortization Payment
(Gain)/Loss	12/31/2017	\$ 241,078	15	\$ 274,719	15	\$ 24,444
Total				\$ 274,719		\$ 24,444

¹ For each type of UAL (layer), this is the original balance as of the date the layer was established.

² According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see [Appendix](#) on MERS website).

³ This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2017 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2017 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the [Appendix](#) on the MERS website for a detailed description of the amortization policy.

Division 11 - Sr Adm Emp

Table 10-11: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance ¹	Original Amortization Period ²	Amounts for Fiscal Year Beginning 10/1/2019		
				Outstanding UAL Balance ³	Remaining Amortization Period ²	Annual Amortization Payment
Initial	12/31/2015	\$ 1,310,055	5	\$ 560,559	3	\$ 201,300
(Gain)/Loss	12/31/2016	(63,735)	10	(69,038)	9	(9,216)
(Gain)/Loss	12/31/2017	(55,621)	10	(63,383)	10	(7,752)
Total				\$ 428,138		\$ 184,332

¹ For each type of UAL (layer), this is the original balance as of the date the layer was established.

² According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see [Appendix](#) on MERS website).

³ This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2017 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2017 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the [Appendix](#) on the MERS website for a detailed description of the amortization policy.

Division 12 - General hired after 7/1/09

Table 10-12: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance ¹	Original Amortization Period ²	Amounts for Fiscal Year Beginning 10/1/2019		
				Outstanding UAL Balance ³	Remaining Amortization Period ²	Annual Amortization Payment
Initial	12/31/2015	\$ 83,159	23	\$ 84,746	21	\$ 5,952
(Gain)/Loss	12/31/2016	(3,780)	22	(4,329)	21	(300)
(Gain)/Loss	12/31/2017	10,144	21	11,559	21	816
Total				\$ 91,976		\$ 6,468

¹ For each type of UAL (layer), this is the original balance as of the date the layer was established.

² According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see [Appendix](#) on MERS website).

³ This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2017 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2017 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the [Appendix](#) on the MERS website for a detailed description of the amortization policy.

Division 13 - Non Union hired after 7/1/09

Table 10-13: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance ¹	Original Amortization Period ²	Amounts for Fiscal Year Beginning 10/1/2019		
				Outstanding UAL Balance ³	Remaining Amortization Period ²	Annual Amortization Payment
Initial	12/31/2015	\$ 10,956	23	\$ 12,534	21	\$ 876
(Gain)/Loss	12/31/2016	186	22	216	21	12
(Gain)/Loss	12/31/2017	(2,593)	21	(2,955)	21	(204)
Total				\$ 9,795		\$ 684

¹ For each type of UAL (layer), this is the original balance as of the date the layer was established.

² According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see [Appendix](#) on MERS website).

³ This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2017 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2017 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the [Appendix](#) on the MERS website for a detailed description of the amortization policy.

Division 14 - Gnrl hired on/aftr 9/18/17

Table 10-14: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance ¹	Original Amortization Period ²	Amounts for Fiscal Year Beginning 10/1/2019		
				Outstanding UAL Balance ³	Remaining Amortization Period ²	Annual Amortization Payment
(Gain)/Loss	12/31/2017	\$ (515)	15	\$ (587)	15	\$ (48)
Total				\$ (587)		\$ (48)

¹ For each type of UAL (layer), this is the original balance as of the date the layer was established.

² According to the MERS amortization policy, each type of UAL (layer) is amortized over a specific period (see [Appendix](#) on MERS website).

³ This is the remaining balance as of the valuation date, projected to the beginning of the fiscal year shown above.

The unfunded accrued liability (UAL) as of December 31, 2017 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2017 valuation to take into account the expected future contributions that are based on past valuations. Each type of UAL (layer) is amortized over the appropriate period. Please see the [Appendix](#) on the MERS website for a detailed description of the amortization policy.

GASB 68 Information

The following information has been prepared to provide some of the information necessary to complete GASB Statement No. 68 disclosures. Statement 68 is effective for fiscal years beginning after June 15, 2014. Additional resources, including an Implementation Guide, are available at www.mersofmich.com.

Actuarial Valuation Date:	12/31/2017
Measurement Date of Total Pension Liability (TPL):	12/31/2017

At 12/31/2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	43
Inactive employees entitled to but not yet receiving benefits:	4
Active employees:	<u>31</u>
	78

Covered employee payroll: (Needed for Required Supplementary Information)	\$	1,241,107
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Average expected remaining service lives of all employees (active and inactive):		3
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Total Pension Liability as of 12/31/2016 measurement date:	\$	12,476,934
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Total Pension Liability as of 12/31/2017 measurement date:	\$	12,628,738
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Service Cost for the year ending on the 12/31/2017 measurement date:	\$	130,604
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Change in the Total Pension Liability due to:

- Benefit changes ¹ :	\$	621
- Differences between expected and actual experience ² :	\$	(87,575)
- Changes in assumptions ² :	\$	0

¹ A change in liability due to benefit changes is immediately recognized when calculating pension expense for the year.

² Changes in liability due to differences between actual and expected experience, and changes in assumptions, are recognized in pension expense over the average remaining service lives of all employees.

Sensitivity of the Net Pension Liability to changes in the discount rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Change in Net Pension Liability as of 12/31/2017:	\$ 1,231,749	-	\$ (1,063,678)

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.

Benefit Provision History

The following benefit provision history is provided by MERS. Any corrections to this history or discrepancies between this information and information displayed elsewhere in the valuation report should be reported to MERS. All provisions are listed by date of adoption.

01 - General

10/1/2017	Participant Contribution Rate 2%
12/1/2016	Service Credit Purchase Estimates - Yes
12/1/2012	Exclude Temporary Employees requiring less than 6 months
7/1/1999	Benefit F55 (With 30 Years of Service)
7/1/1997	Benefit B-4 (80% max)
7/1/1995	Benefit B-2
1/1/1989	Benefit FAC-5 (5 Year Final Average Compensation)
1/1/1989	10 Year Vesting
1/1/1989	Benefit C-1 (New)
1/1/1989	Member Contribution Rate 0.00%
1/1/1989	Fiscal Month - January
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

10 - NonUnEmp

12/1/2016	Service Credit Purchase Estimates - Yes
12/1/2012	Exclude Temporary Employees requiring less than 6 months
7/1/1999	Benefit F55 (With 30 Years of Service)
1/1/1998	Benefit FAC-5 (5 Year Final Average Compensation)
1/1/1998	10 Year Vesting
1/1/1998	Benefit B-4 (80% max)
1/1/1998	Member Contribution Rate 0.00%
1/1/1989	Fiscal Month - January
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

11 - Sr Adm Emp

12/1/2016	Service Credit Purchase Estimates - Yes
12/1/2012	Exclude Temporary Employees requiring less than 6 months
9/1/2000	Benefit RS 50 (50% Post-Ret. Spouse Benefits)
10/1/1999	Member Contribution Rate 5.90%
10/1/1999	E2 2.5% COLA for future retirees (10/01/1999)
7/1/1999	Benefit F55 (With 30 Years of Service)
3/1/1998	Benefit FAC-3 (3 Year Final Average Compensation)
3/1/1998	Member Contribution Rate 1.21%
1/1/1998	Benefit FAC-5 (5 Year Final Average Compensation)
1/1/1998	10 Year Vesting
1/1/1998	Benefit B-4 (80% max)
1/1/1998	Member Contribution Rate 0.00%
1/1/1989	Fiscal Month - January

11 - Sr Adm Emp

Defined Benefit Normal Retirement Age - 60
 Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

12 - General hired after 7/1/09

12/1/2016 Service Credit Purchase Estimates - Yes
 12/1/2012 Exclude Temporary Employees requiring less than 6 months
 7/1/2009 Day of work defined as 8 Hours a Day for All employees.
 7/1/2009 Benefit FAC-5 (5 Year Final Average Compensation)
 7/1/2009 10 Year Vesting
 7/1/2009 Benefit B-4 (80% max)
 7/1/2009 Benefit F55 (With 30 Years of Service)
 7/1/2009 Member Contribution Rate 5.00%
 1/1/1989 Fiscal Month - January
 Defined Benefit Normal Retirement Age - 60
 Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

13 - Non Union hired after 7/1/09

12/1/2016 Service Credit Purchase Estimates - Yes
 12/1/2012 Exclude Temporary Employees requiring less than 6 months
 7/1/2009 Day of work defined as 8 Hours a Day for All employees.
 7/1/2009 Benefit FAC-5 (5 Year Final Average Compensation)
 7/1/2009 10 Year Vesting
 7/1/2009 Benefit B-4 (80% max)
 7/1/2009 Benefit F55 (With 30 Years of Service)
 7/1/2009 Member Contribution Rate 5.00%
 1/1/1989 Fiscal Month - January
 Defined Benefit Normal Retirement Age - 60
 Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

14 - Gnrl hired on/aftr 9/18/17

10/1/2017 Day of Work defined as 10 8 hour days
 10/1/2017 Benefit FAC-5 (5 Year Final Average Compensation)
 10/1/2017 Non Standard Compensation Definition
 10/1/2017 Exclude Temporary Employees requiring less than 6 months
 10/1/2017 10 Year Vesting
 10/1/2017 Defined Benefit Normal Retirement Age - 60
 10/1/2017 Service Credit Purchase Estimates - Yes
 10/1/2017 Benefit B-2
 10/1/2017 Benefit F55 (With 30 Years of Service)
 10/1/2017 Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
 10/1/2017 Participant Contribution Rate 5%
 1/1/1989 Fiscal Month - January

Plan Provisions, Actuarial Assumptions, and Actuarial Funding Method

Details on MERS plan provisions, actuarial assumptions, and actuarial methodology can be found in the [Appendix](#). Some actuarial assumptions are specific to this municipality and its divisions. These are listed below.

Increase in Final Average Compensation

Division	FAC Increase Assumption
All Divisions	2.00%

Withdrawal Rate Scaling Factor

Division	Withdrawal Rate Scaling Factor
All Divisions	100%

Miscellaneous and Technical Assumptions

Loads – None.

Amortization Policy for Closed Divisions

Closed Division	Amortization Option
All Closed Divisions	Accelerated to 5-Year Amortization

Please see the [Appendix](#) on the MERS website for a detailed description of the amortization options available for closed divisions within an open municipality.