MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN

ANNUAL ACTUARIAL VALUATION REPORT DECEMBER 31, 2016

LAKE ORION, VLG OF (6318)

Spring, 2017

Lake Orion, Vlg of

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, 2016. The report includes the determination of liabilities and contribution rates resulting from the participation of Lake Orion, Vlg of (6318) in the Municipal Employees' Retirement System of Michigan ("MERS"). MERS is a nonprofit organization, independent from the State, that has provided retirement plans for municipal employees for 70 years. Lake Orion, Vlg of 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, 2016 annual actuarial valuation is to:

- Measure funding progress
- Establish contribution requirements for the fiscal year beginning July 1, 2018
- 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, 2016 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-2016AnnualActuarialValuation-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

Actuarial Assumptions and Methods Adopted with the December 31, 2015 Valuations

The actuarial assumptions and methods are adopted by the MERS Retirement Board, and are reviewed every five years in an Experience Study. The Experience Study is a comprehensive, detailed analysis that reviews MERS' funding policy and compares actual experience with the current actuarial assumptions; the study recommends adjustments as necessary. The most recent study was completed in 2015 and 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 report continues to provide contributions both with and without the phase-in adjustments.

The assumptions and methods are described in the Appendix on the MERS website.

As part of the recent Experience Study, the following changes are first reflected in the December 31, 2016 annual valuation:

- The asset smoothing was changed from 10 to 5 years. The gain (loss) recognized each year will be 20% of the current year's gain (loss) plus 20% of the gain (loss) from each of the 4 preceding years. The cumulative difference between the market value and valuation assets as of December 31, 2015 will be recognized over 4 years.
- Annual changes in Unfunded Accrued Liability (UAL) will be amortized over fixed periods, creating "layers" of UAL. This will require removing and creating "layers" of UAL on an annual basis.
  - Once the amortization period drops below 15 years (10 years for closed divisions), any future liability and asset gains or losses will be spread over a 15-year fixed period for open divisions and a 10-year fixed period for closed divisions — creating "layers" of UAL on an annual basis.
  - This transparent method allows tracking of what changed your UAL, and sets a fixed period in time in which that UAL change will be fully funded.

MERS created a dedicated resource page on their website for additional information on these topics (http://www.mersofmich.com/Employer/Work-Scenarios/Unfunded-Liability).

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:

	12/31/2016	12/31/2015
Funded Ratio	70%	66%

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 second 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 2017 your municipality is making employer contributions based on rates without the phase-in applied, contact MERS to ensure this rate is used again for 2018 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:	12/31/2016	12/31/2016	12/31/2015	12/31/2015	12/31/2016	12/31/2016	12/31/2015	12/31/2015
Fiscal Year Beginning:	July 1, 2018	July 1, 2018	July 1, 2017	July 1, 2017	July 1, 2018	July 1, 2018	July 1, 2017	July 1, 2017
Division								
01 - DPW	-	-	-	-	$ 4,804	$ 5,302	$ 3,808	$ 4,472
02 - Plc/Disp	-	-	-	-	910	1,009	615	747
10 - Non Union	-	-	-	-	2,857	2,914	14,236	14,312
20 - Police Un	-	-	-	-	1,098	1,281	932	1,176
Municipality Total					**$ 9,669**	**$ 10,506**	**$ 19,591**	**$ 20,707**

Employee contribution rates reflected in the valuations are shown below:

	Employee Contribution Rate	
Valuation Date:	12/31/2016	12/31/2015
Division		
01 - DPW	5.00%	5.00%
02 - Plc/Disp	2.00%	2.00%
10 - Non Union	2.00%	2.00%
20 - Police Un	5.00%	5.00%

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. **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 entire employer would be $ 11,599, instead of $ 10,506.

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:
    - Lower actual investment returns would result in higher required employer contributions, and vice-versa.
    - Smaller than assumed pay increases would lower required employer contributions.
    - 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.
    - Retirements at earlier ages than assumed would usually increase required employer contributions.
    - More non-vested terminations of employment than assumed would decrease required contributions.
    - More disabilities or survivor (death) benefits than assumed would increase required contributions.
    - 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 Asset Smoothing

The actuarial value of assets, used to determine both your funded ratio and your required employer contribution, is based on a smoothed value of assets (10-year smoothing prior to 2016; 5-year smoothing beginning in 2016). A smoothing method reduces the volatility of the valuation results, which affects your required employer contribution and funded ratio. The smoothed actuarial rate of return for 2016 was 5.14%.

As of December 31, 2016 the actuarial value of assets is 108% of market value. 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.

If the December 31, 2016 valuation results were based on market value on that date instead of smoothed funding value: i) the funded percent of your entire municipality would be 65% (instead of 70%); and ii) your total employer contribution requirement for the fiscal year starting July 1, 2018 would be $ 150,216 (instead of $ 126,072).

The asset smoothing method is a powerful tool for reducing the volatility of your required employer contributions. **However, if the current 8% difference between the smoothed value and the market value of assets is not made up, the result would be gradual increases in your employer contribution requirement over the next few years (to around the levels described above).**

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. Risk may be managed through a plan design that provides benefits that are sustainable in the long run. An Experience Study is completed every five years to review the assumptions and methods. The next Experience Study will be completed in 2020.

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 one actuarial assumption: the future annual rate of investment return. 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, 2016 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 Rate of Investment Return			
	Lower Future Annual Returns		**Valuation Assumption**	**Higher Returns**
12/31/2016 Valuation Results	**5.75%**	**6.75%**	**7.75%**	**8.75%**
Accrued Liability	$ 4,761,859	$ 4,336,158	$ 3,969,121	$ 3,650,773
Valuation Assets	$ 2,787,949	$ 2,787,949	$ 2,787,949	$ 2,787,949
Unfunded Accrued Liability	$ 1,973,910	$ 1,548,209	$ 1,181,172	$ 862,824
Funded Ratio	59%	64%	70%	76%
Monthly Normal Cost	$ 2,356	$ 1,687	$ 1,167	$ 770
Monthly Amortization Payment	$ 15,492	$ 12,461	$ 9,339	$ 7,066
Total Employer Contribution[1]	$ 17,848	$ 14,148	$ 10,506	$ 7,836

[1] 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

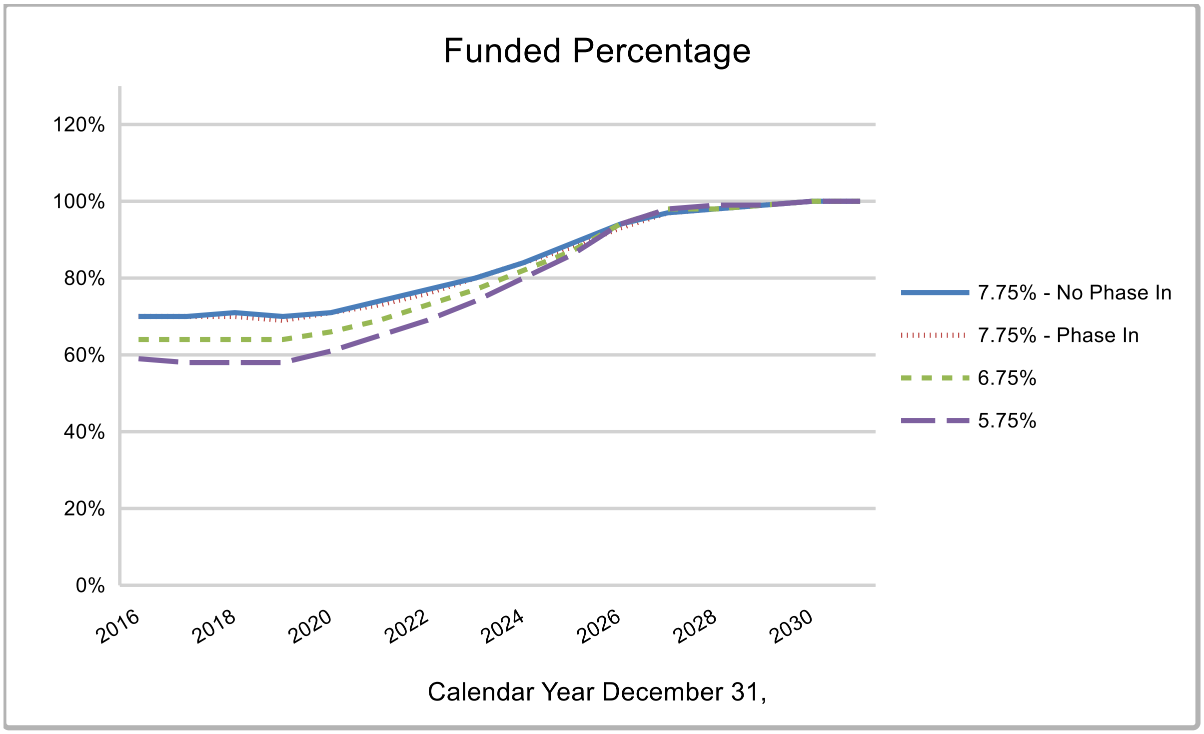
The next two pages show projections of the plan's funded ratio and computed employer contributions under the actuarial assumptions used in the valuation and alternate assumed long-term investment return scenarios. All four projections take into account the past investment losses that will continue to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

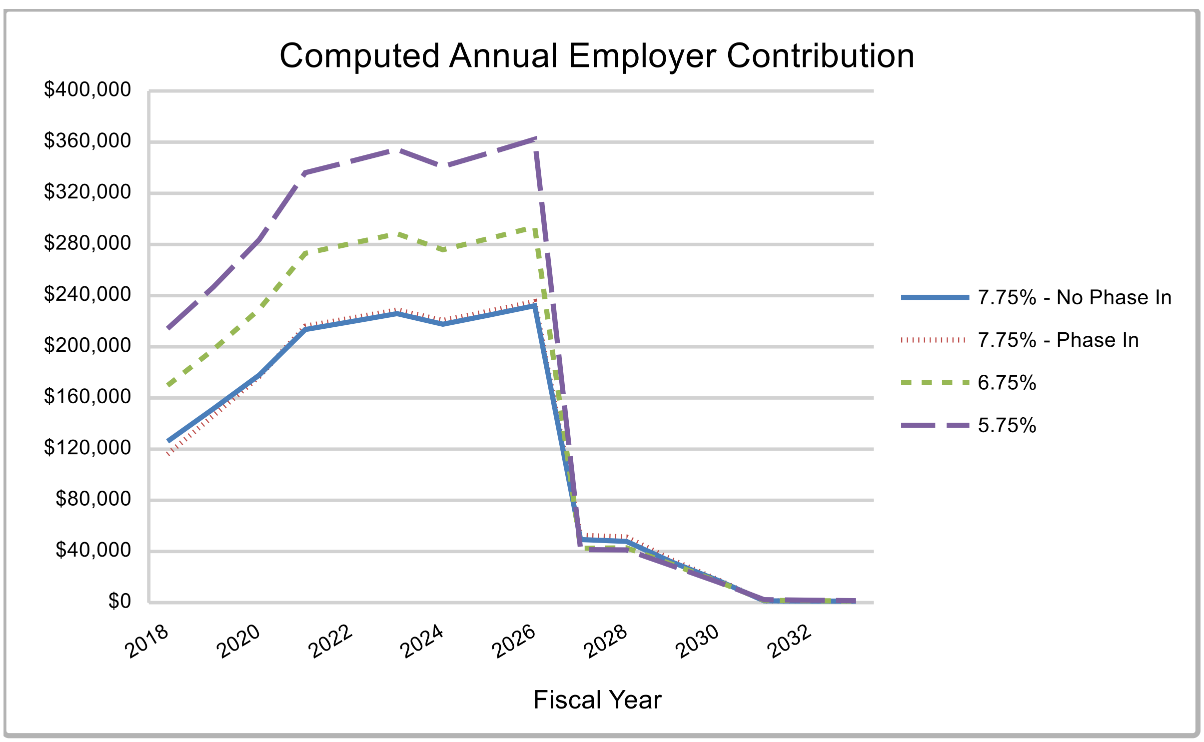
- Based on the phase-in over 5 fiscal years (beginning in 2017) of the increased contribution requirements associated with the new actuarial assumptions. This projects your minimum required contribution.
- Based on no phase-in of the increased contribution requirements.

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 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 fifteen years.

Valuation Year Ending 12/31	Fiscal Year Beginning 7/1	Actuarial Accrued Liability	Valuation Assets	Funded Percentage	Computed Annual Employer Contribution
7.75% Assumed Interest Discount Rate and Future Annual Market Rate of Return					
WITH 5-YEAR PHASE-IN					
2016	2018	$ 3,969,121	$ 2,787,949	70%	$ 116,028
2017	2019	3,970,000	2,790,000	70%	146,000
2018	2020	3,990,000	2,810,000	70%	177,000
2019	2021	4,000,000	2,770,000	69%	216,000
2020	2022	4,000,000	2,820,000	71%	222,000
2021	2023	3,980,000	2,910,000	73%	229,000
NO 5-YEAR PHASE-IN					
2016	2018	$ 3,969,121	$ 2,787,949	70%	$ 126,072
2017	2019	3,970,000	2,790,000	70%	152,000
2018	2020	3,990,000	2,810,000	71%	178,000
2019	2021	4,000,000	2,780,000	70%	213,000
2020	2022	4,000,000	2,840,000	71%	220,000
2021	2023	3,980,000	2,930,000	74%	226,000
6.75% Assumed Interest Discount Rate and Future Annual Market Rate of Return					
NO 5-YEAR PHASE-IN					
2016	2018	$ 4,336,158	$ 2,787,949	64%	$ 169,776
2017	2019	4,330,000	2,760,000	64%	198,000
2018	2020	4,340,000	2,780,000	64%	229,000
2019	2021	4,340,000	2,770,000	64%	273,000
2020	2022	4,330,000	2,850,000	66%	281,000
2021	2023	4,310,000	2,970,000	69%	288,000
5.75% Assumed Interest Discount Rate and Future Annual Market Rate of Return					
NO 5-YEAR PHASE-IN					
2016	2018	$ 4,761,859	$ 2,787,949	59%	$ 214,176
2017	2019	4,750,000	2,740,000	58%	247,000
2018	2020	4,750,000	2,750,000	58%	284,000
2019	2021	4,740,000	2,760,000	58%	336,000
2020	2022	4,720,000	2,870,000	61%	345,000
2021	2023	4,680,000	3,020,000	65%	354,000


Funded Percentage
120%
100%
80%
60%
40%
20%
0%
2016
2018
2020
2022
2024
2026
2028
2030
Calendar Year December 31,
7.75% - No Phase In
7.75% - Phase In
6.75%
5.75%


Computed Annual Employer Contribution
$400,000
$360,000
$320,000
$280,000
$240,000
$200,000
$160,000
$120,000
$80,000
$40,000
$0
2018
2020
2022
2024
2026
2028
2030
2032
Fiscal Year
7.75% - No Phase In
7.75% - Phase In
6.75%
5.75%

Employer Contribution Details For the Fiscal Year Beginning July 1, 2018

Table 1

Division	Employer Contributions[1] Normal Cost	Payment of the Unfunded Accrued Liability[4]	Computed Employer Contribut. No Phase-In	Computed Employer Contribut. With Phase-In	Blended ER Rate No Phase-In[5]	Blended ER Rate With Phase-In[5]	Employee Contribut. Rate	Employee Contribut. Conversion Factor[2]
Percentage of Payroll								
01 - DPW	-	-	-	-			5.00%	
02 - Plc/Disp	-	-	-	-			2.00%	
10 - Non Union	-	-	-	-			2.00%	
20 - Police Un	-	-	-	-			5.00%	
Estimated Monthly Contribution[3]								
01 - DPW	$ 213	$ 5,089	$ 5,302	$ 4,804				
02 - Plc/Disp	0	1,009	1,009	910				
10 - Non Union	0	2,914	2,914	2,857				
20 - Police Un	954	327	1,281	1,098				
Total Municipality	**$ 1,167**	**$ 9,339**	**$ 10,506**	**$ 9,669**				
Estimated Annual Contribution[3]	**$ 14,004**	**$ 112,068**	**$ 126,072**	**$ 116,028**				

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 (ie 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 July 1, 2018 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 800-767-2308.

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

Benefit Provisions

Table 2

01 - DPW: Closed to new hires

	2016 Valuation	2015 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)	2.25% 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 55/15	50/25 55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	5%	5%
DC Plan for New Hires:	11/1/2008	11/1/2008
Act 88:	Yes (Adopted 7/21/1998)	Yes (Adopted 7/21/1998)

02 - Plc/Disp: Closed to new hires

	2016 Valuation	2015 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	50/25	50/25
Early Retirement (Reduced):	55/15	55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	2%	2%
Act 88:	Yes (Adopted 7/21/1998)	Yes (Adopted 7/21/1998)

10 - Non Union: Closed to new hires

	2016 Valuation	2015 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)	2.25% 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 55/15	50/25 55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	2%	2%
DC Plan for New Hires:	11/1/2008	11/1/2008
Act 88:	Yes (Adopted 7/21/1998)	Yes (Adopted 7/21/1998)

Table 2 (continued)

20 - Police Un: Closed to new hires

	2016 Valuation	2015 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25 55/15	50/25 55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	5%	5%
DC Plan for New Hires:	11/1/2008	11/1/2008
Act 88:	Yes (Adopted 7/21/1998)	Yes (Adopted 7/21/1998)

Participant Summary

Table 3

Division	2016 Valuation		2015 Valuation		2016 Valuation		
	Number	Annual Payroll[1]	Number	Annual Payroll[1]	Average Age	Average Benefit Service[2]	Average Eligibility Service[2]
01 - DPW							
Active Employees	1	$ 45,784	1	$ 44,615	63.6	12.1	12.1
Vested Former Employees	1	5,734	1	5,734	69.2	13.3	13.3
Retirees and Beneficiaries	7	156,345	7	156,345	68.9		
02 - Plc/Disp							
Active Employees	0	$ 0	0	$ 0	0.0	0.0	0.0
Vested Former Employees	1	436	1	436	52.7	1.0	14.3
Retirees and Beneficiaries	2	29,070	2	29,070	77.6		
10 - Non Union							
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	4	101,243	5	152,995	74.7		
20 - Police Un							
Active Employees	4	$ 231,558	4	$ 223,996	53.3	20.3	20.3
Vested Former Employees	2	13,473	2	13,473	56.4	6.6	8.8
Retirees and Beneficiaries	0	0	0	0	0.0		
Total Municipality							
Active Employees	**5**	**$ 277,342**	**5**	**$ 268,611**	**55.4**	**18.7**	**18.7**
Vested Former Employees	**4**	**19,643**	**4**	**19,643**	**58.7**	**6.9**	**11.3**
Retirees and Beneficiaries	**13**	**286,658**	**14**	**338,410**	**72.0**		
Total Participants	**22**		**23**				

[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	2016 Valuation		2015 Valuation	
	Employer and Retiree[1]	Employee[2]	Employer and Retiree[1]	Employee[2]
01 - DPW	$ 1,069,509	$ 50,096	$ 1,068,414	$ 55,436
02 - Plc/Disp	119,458	673	131,703	668
10 - Non Union	353,213	2,442	360,246	2,421
20 - Police Un	801,641	191,365	688,115	178,272
Municipality Total	**$ 2,343,821**	**$ 244,576**	**$ 2,248,478**	**$ 236,797**
Combined Reserves	**$ 2,588,397**		**$ 2,485,275**	

1 Reserve for Employer Contributions and Benefit Payments

2 Reserve for Employee Contributions

The December 31, 2016 valuation assets are equal to 1.077095 times the reported market value of assets (compared to 1.135382 as of December 31, 2015). 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 Required	Employer Contributions Additional	Employee Contributions	Investment Income	Benefit Payments	Employee Contribution Refunds	Net Transfers	Valuation Asset Balance
2006	$ 93,732		$ 37,223	$ 235,004	$ (259,962)	$ (9,673)	$ 0	$ 3,073,182
2007	110,373		35,723	248,328	(259,962)	0	0	3,207,644
2008	110,889		36,278	138,259	(243,791)	0	0	3,249,279
2009	82,550		31,092	80,087	(254,847)	(565)	(107,875)	3,079,721
2010	68,726		29,019	137,522	(260,045)	(3,218)	0	3,051,725
2011	78,053	$ 0	28,209	137,997	(260,045)	0	0	3,035,939
2012	96,204	0	25,802	119,237	(279,679)	(19,382)	0	2,978,121
2013	107,988	0	21,460	159,226	(305,876)	(15,542)	0	2,945,377
2014	107,335	0	16,627	158,039	(318,418)	(110)	0	2,908,850
2015	107,460	179	14,348	127,555	(336,655)	0	0	2,821,737
2016	114,072	0	13,867	132,989	(286,658)	(8,058)	0	2,787,949

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.

In the actuarial valuation additional employer contributions are combined with required contributions and used to reduce computed future required employer contributions.

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

Actuarial Accrued Liabilities and Valuation Assets
As of December 31, 2016

Table 6

Division	Actuarial Accrued Liability	Valuation Assets[1]	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
01 - DPW				
Active Employees	$ 109,459	$ 25,563	23.4%	$ 83,896
Vested Former Employees	44,617	12,683	28.4%	31,934
Retirees And Beneficiaries	1,621,271	1,155,825	71.3%	465,446
Pending Refunds	11,850	11,850	100.0%	0
Total	**$ 1,787,197**	**$ 1,205,921**	**67.5%**	**$ 581,276**
02 - Plc/Disp				
Active Employees	$ 0	$ 0	0.0%	$ 0
Vested Former Employees	2,654	673	25.4%	1,981
Retirees And Beneficiaries	205,782	128,719	62.6%	77,063
Pending Refunds	0	0	0.0%	0
Total	**$ 208,436**	**$ 129,392**	**62.1%**	**$ 79,044**
10 - Non Union				
Active Employees	$ 0	$ 0	0.0%	$ 0
Vested Former Employees	0	0	0.0%	0
Retirees And Beneficiaries	865,796	380,632	44.0%	485,164
Pending Refunds	2,442	2,442	100.0%	0
Total	**$ 868,238**	**$ 383,074**	**44.1%**	**$ 485,164**
20 - Police Un				
Active Employees	$ 997,664	$ 961,976	96.4%	$ 35,688
Vested Former Employees	95,790	95,790	100.0%	0
Retirees And Beneficiaries	0	0	0.0%	0
Pending Refunds	11,796	11,796	100.0%	0
Total	**$ 1,105,250**	**$ 1,069,562**	**96.8%**	**$ 35,688**
Total Municipality				
Active Employees	**$ 1,107,123**	**$ 987,539**	**89.2%**	**$ 119,584**
Vested Former Employees	**143,061**	**109,146**	**76.3%**	**33,915**
Retirees and Beneficiaries	**2,692,849**	**1,665,176**	**61.8%**	**1,027,673**
Pending Refunds	**26,088**	**26,088**	**100.0%**	**0**
Total Participants	**$ 3,969,121**	**$ 2,787,949**	**70.2%**	**$ 1,181,172**

[1] Includes both employer and employee assets.

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

See Section 46 of the Plan Document for MERS Fiscal Responsibility policy, on the MERS website at: https://employerportal.mersofmich.com/SharePointFormsService/Default.aspx?Publication=MERSPlanDocument.pdf.

Actuarial Accrued Liabilities - Comparative Schedule

Table 7

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2002	$ 3,531,780	$ 2,897,735	82%	$ 634,045
2003	3,635,754	2,917,657	80%	718,097
2004	3,697,534	2,942,036	80%	755,498
2005	3,828,505	2,976,858	78%	851,647
2006	3,889,352	3,073,182	79%	816,170
2007	3,961,902	3,207,644	81%	754,258
2008	3,946,549	3,249,279	82%	697,270
2009	3,943,132	3,079,721	78%	863,411
2010	4,040,684	3,051,725	76%	988,959
2011	4,153,987	3,035,939	73%	1,118,048
2012	4,090,224	2,978,121	73%	1,112,103
2013	4,183,027	2,945,377	70%	1,237,650
2014	4,113,991	2,908,850	71%	1,205,141
2015	4,306,914	2,821,737	66%	1,485,177
2016	3,969,121	2,787,949	70%	1,181,172

Notes: Actuarial assumptions were revised for the 2004, 2008, 2009, 2010, 2011, 2012 and 2015 actuarial valuations.

Division 01 - DPW

Table 8-01: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2006	$ 1,653,498	$ 1,476,634	89%	$ 176,864
2007	1,746,597	1,555,910	89%	190,687
2008	1,848,589	1,575,859	85%	272,730
2009	1,919,479	1,490,525	78%	428,954
2010	1,882,118	1,432,092	76%	450,026
2011	1,902,083	1,417,733	75%	484,350
2012	1,813,373	1,384,612	76%	428,761
2013	1,815,849	1,353,945	75%	461,904
2014	1,752,832	1,333,116	76%	419,716
2015	1,813,997	1,275,999	70%	537,998
2016	1,787,197	1,205,921	68%	581,276

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	Active Employees		Computed Employer	Employee Contribution
December 31	Number	Annual Payroll	Contribution[1]	Rate[2]
2006	7	$ 283,895	8.61%	5.00%
2007	7	293,877	9.23%	5.00%
2008	6	256,273	11.64%	5.00%
2009	5	216,269	$ 2,954	5.00%
2010	4	182,178	$ 2,981	5.00%
2011	4	184,802	$ 3,324	5.00%
2012	3	135,205	$ 3,035	5.00%
2013	2	100,069	$ 3,252	5.00%
2014	2	97,605	$ 3,177	5.00%
2015	1	44,615	$ 4,472	5.00%
2016	1	45,784	$ 5,302	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 7.

See the Benefit Provision History on page 32 for past benefit provision changes.

Division 02 - Plc/Disp

Table 8-02: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2006	$ 549,521	$ 312,895	57%	$ 236,626
2007	423,970	295,465	70%	128,505
2008	247,452	282,375	114%	(34,923)
2009	241,575	271,369	112%	(29,794)
2010	235,493	255,167	108%	(19,674)
2011	226,971	234,207	103%	(7,236)
2012	220,523	211,424	96%	9,099
2013	216,219	191,483	89%	24,736
2014	209,561	171,663	82%	37,898
2015	215,577	150,292	70%	65,285
2016	208,436	129,392	62%	79,044

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

Table 9-02: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution[1]	Employee Contribution Rate[2]
	Number	Annual Payroll		
2006	0	$ 0	$ 1,123	0.00%
2007	0	0	$ 602	0.00%
2008	0	0	$ 0	0.00%
2009	0	0	$ 0	0.00%
2010	0	0	$ 0	0.00%
2011	0	0	$ 0	0.00%
2012	0	0	$ 74	0.00%
2013	0	0	$ 216	0.00%
2014	0	0	$ 364	0.00%
2015	0	0	$ 747	2.00%
2016	0	0	$ 1,009	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 7.

See the Benefit Provision History on page 32 for past benefit provision changes.

Division 10 - Non Union

Table 8-10: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2006	$ 1,420,989	$ 1,079,794	76%	$ 341,195
2007	1,460,494	1,101,788	75%	358,706
2008	1,502,021	1,085,235	72%	416,786
2009	1,190,426	792,870	67%	397,556
2010	1,253,533	758,121	60%	495,412
2011	1,264,006	698,902	55%	565,104
2012	1,238,986	634,546	51%	604,440
2013	1,262,396	580,979	46%	681,417
2014	1,232,320	501,547	41%	730,773
2015	1,261,091	411,766	33%	849,325
2016	868,238	383,074	44%	485,164

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 Number	Active Employees Annual Payroll	Computed Employer Contribution[1]	Employee Contribution Rate[2]
2006	5	$ 242,214	16.05%	2.00%
2007	6	293,577	14.76%	2.00%
2008	6	305,280	15.84%	2.00%
2009	2	110,524	$ 2,620	2.00%
2010	3	156,415	$ 3,690	2.00%
2011	3	158,018	$ 4,201	2.00%
2012	1	60,466	$ 3,839	2.00%
2013	0	0	$ 4,326	0.00%
2014	0	0	$ 5,078	0.00%
2015	0	0	$ 14,312	2.00%
2016	0	0	$ 2,914	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 7.

See the Benefit Provision History on page 32 for past benefit provision changes.

Division 20 - Police Un

Table 8-20: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2006	$ 265,344	$ 203,859	77%	$ 61,485
2007	330,841	254,481	77%	76,360
2008	348,487	305,810	88%	42,677
2009	591,652	524,957	89%	66,695
2010	669,540	606,345	91%	63,195
2011	760,927	685,097	90%	75,830
2012	817,342	747,539	92%	69,803
2013	888,563	818,970	92%	69,593
2014	919,278	902,524	98%	16,754
2015	1,016,249	983,680	97%	32,569
2016	1,105,250	1,069,562	97%	35,688

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

Table 9-20: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees Number	Active Employees Annual Payroll	Computed Employer Contribution[1]	Employee Contribution Rate[2]
2006	7	$ 300,458	6.79%	5.00%
2007	7	317,628	7.19%	5.00%
2008	6	272,956	6.69%	5.00%
2009	7	332,362	$ 1,880	5.00%
2010	7	328,841	$ 1,909	5.00%
2011	7	323,419	$ 1,893	5.00%
2012	6	293,540	$ 1,553	5.00%
2013	5	278,682	$ 1,615	5.00%
2014	4	227,030	$ 984	5.00%
2015	4	223,996	$ 1,176	5.00%
2016	4	231,558	$ 1,281	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 7.

See the Benefit Provision History on page 32 for past benefit provision changes.

Division 01 - DPW

Table 10-01: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance	Original Amortization Period**	Amounts for Fiscal Year Beginning 7/1/2018: Outstanding UAL Balance*	Amortization Period**	Amortization Payment
Initial	12/31/2015	$ 537,998	14	$ 535,270	12	$ 56,520
Gain/Loss	12/31/2016	38,535	12	43,100	12	4,548
Total				**$ 578,370**		**$ 61,068**

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

** Please see the Appendix on the MERS website for a description of the amortization policy.

The unfunded accrued liability as of December 31, 2016 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2016 valuation to take into account the expected future contributions that are based on past valuations. The projected unfunded accrued liability is amortized over the appropriate period.

Division 02 - Plc/Disp

Table 10-02: Layered Amortization Schedule

				Amounts for Fiscal Year Beginning 7/1/2018		
Type of UAL	Date Established	Original Balance	Original Amortization Period**	Outstanding UAL Balance*	Amortization Period**	Amortization Payment
Initial	12/31/2015	$ 65,285	9	$ 63,004	7	$ 10,428
Gain/Loss	12/31/2016	12,299	10	13,756	10	1,680
Total				**$ 76,760**		**$ 12,108**

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

** Please see the Appendix on the MERS website for a description of the amortization policy.

The unfunded accrued liability as of December 31, 2016 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2016 valuation to take into account the expected future contributions that are based on past valuations. The projected unfunded accrued liability is amortized over the appropriate period.

Division 10 - Non Union

Table 10-10: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance	Original Amortization Period**	Amounts for Fiscal Year Beginning 7/1/2018: Outstanding UAL Balance*	Amortization Period**	Amortization Payment
Initial	12/31/2015	$ 849,325	14	$ 747,043	12	$ 78,876
Gain/Loss	12/31/2016	(371,833)	12	(415,886)	12	(43,908)
Total				**$ 331,157**		**$ 34,968**

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

** Please see the Appendix on the MERS website for a description of the amortization policy.

The unfunded accrued liability as of December 31, 2016 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2016 valuation to take into account the expected future contributions that are based on past valuations. The projected unfunded accrued liability is amortized over the appropriate period.

Division 20 - Police Un

Table 10-20: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance		Original Amortization Period**	Amounts for Fiscal Year Beginning 7/1/2018: Outstanding UAL Balance*		Amortization Period**	Amortization Payment	
Initial	12/31/2015	$	32,569	14	$	31,646	12	$	3,336
Gain/Loss	12/31/2016		4,926	12		5,510	12		588
Total					**$**	**37,156**		**$**	**3,924**

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

** Please see the Appendix on the MERS website for a description of the amortization policy.

The unfunded accrued liability as of December 31, 2016 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2016 valuation to take into account the expected future contributions that are based on past valuations. The projected unfunded accrued liability is amortized over the appropriate period.

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:	12/31/2016
Measurement Date of Total Pension Liability (TPL):	12/31/2016

At 12/31/2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	13
Inactive employees entitled to but not yet receiving benefits:	4
Active employees:	5
	22

Total Pension Liability as of 12/31/2015 measurement date:	$	4,217,791
Total Pension Liability as of 12/31/2016 measurement date:	$	3,885,315
Service Cost for the year ending on the 12/31/2016 measurement date:	$	28,587

Change in the Total Pension Liability due to:

- Benefit changes[1]:	$	0
- Differences between expected and actual experience[2]:	$	(393,125)
- 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.

Average expected remaining service lives of all employees (active and inactive):		1
Covered employee payroll: (Needed for Required Supplementary Information)	$	277,342

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 12/31/2016:	$ 354,011	-	$ (307,496)

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 - DPW

12/1/2016	Service Credit Purchase Estimates - Yes
11/1/2008	DC Adoption Date 11-01-2008
11/1/2001	Benefit B-3 (80% max)
11/1/2001	Benefit F55 (With 30 Years of Service)
11/1/2001	Member Contribution Rate 5.00%
7/21/1998	Covered by Act 88
3/21/1997	Benefit FAC-3 (3 Year Final Average Compensation)
2/26/1996	Day of work defined as 8 Hours a Day for All employees.
2/26/1996	Exclude Temporary Employees
1/1/1994	E 2% COLA Adopted (01/01/1994)
1/1/1984	Benefit C-2/Base B-1
7/1/1983	Member Contribution Rate 2.00%
7/1/1970	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1970	10 Year Vesting
7/1/1970	Benefit C (Old)
7/1/1970	Member Contribution Rate 3.00% Under $4,200.00 - Then 5.00%
7/1/1970	Fiscal Month - July

02 - Plc/Disp

12/1/2016	Service Credit Purchase Estimates - Yes
7/1/1999	Benefit F50 (With 25 Years of Service)
7/21/1998	Covered by Act 88
2/26/1996	Day of work defined as 8 Hours a Day for All employees.
2/26/1996	Exclude Temporary Employees
7/1/1995	Benefit FAC-3 (3 Year Final Average Compensation)
7/1/1995	Benefit B-3 (80% max)
7/1/1995	Benefit F55 (With 25 Years of Service)
1/1/1994	E 2% COLA Adopted (01/01/1994)
1/1/1984	Benefit C-2/Base B-1
7/1/1983	Member Contribution Rate 2.00%
7/1/1970	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1970	10 Year Vesting
7/1/1970	Benefit C (Old)
7/1/1970	Member Contribution Rate 3.00% Under $4,200.00 - Then 5.00%
7/1/1970	Fiscal Month - July

10 - Non Union

12/1/2016	Service Credit Purchase Estimates - Yes
11/1/2008	DC Adoption Date 11-01-2008
4/1/2004	Benefit F55 (With 30 Years of Service)

10 - Non Union

7/21/1998	Covered by Act 88
2/26/1996	Exclude Temporary Employees
8/1/1994	Benefit FAC-3 (3 Year Final Average Compensation)
8/1/1994	10 Year Vesting
8/1/1994	Benefit B-3 (80% max)
8/1/1994	Member Contribution Rate 2.00%
7/1/1970	Fiscal Month - July

20 - Police Un

12/1/2016	Service Credit Purchase Estimates - Yes
11/1/2008	DC Adoption Date 11-01-2008
7/1/2005	Member Contribution Rate 5.00%
9/1/2002	Benefit FAC-3 (3 Year Final Average Compensation)
9/1/2002	10 Year Vesting
9/1/2002	Benefit B-3 (80% max)
9/1/2002	Benefit F55 (With 25 Years of Service)
9/1/2002	Member Contribution Rate 2.00%
7/21/1998	Covered by Act 88
7/1/1970	Fiscal Month - July

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	3.00%

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