Municipal Employees' Retirement System of Michigan

Annual Actuarial Valuation Report
December 31, 2020 - Owosso, City of (7607)

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Spring, 2021

Owosso, City 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 for Owosso, City of (7607) as of December 31, 2020. The report includes the determination of liabilities and contribution rates resulting from the participation in the Municipal Employees' Retirement System of Michigan ("MERS"). This report contains the minimum actuarially determined contribution requirement, in alignment with the MERS Plan Document, Actuarial Policy, the Michigan Constitution, and governing statutes. Owosso, City of is responsible for the employer contributions needed to provide MERS benefits for its employees and former employees.

The purposes of this valuation are to:

- Measure funding progress as of December 31, 2020,
- Establish contribution requirements for the fiscal year beginning July 1, 2022,
- Provide information regarding the identification and assessment of risk,
- Provide actuarial information in connection with applicable Governmental Accounting Standards Board (GASB) statements, and
- Provide information to assist the local unit of government with state reporting requirements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data and other information through December 31, 2020. The valuation was based upon information furnished by MERS concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by MERS.

The Municipal Employees' Retirement Act, PA 427 of 1984 and the MERS' Plan Document Article VI sec. 71 (1)(d), provides the MERS Board with the authority to set actuarial assumptions and methods after consultation with the actuary. As the fiduciary of the plan, MERS Retirement Board sets certain assumptions for funding and GASB purposes. These assumptions are checked regularly through a comprehensive study, called an Experience Study. Studies were completed in 2018 and 2020, and are the basis of the economic and demographic assumptions and methods currently in place. Updated economic assumptions were adopted by the MERS Retirement Board at the February 28, 2019 board meeting and were effective with the December 31, 2019 annual actuarial valuation. **At the February 27, 2020 board meeting, the MERS Retirement Board adopted demographic assumptions effective with the December 31, 2020 annual actuarial valuation, which will impact contributions beginning in 2022.**

The Michigan Department of Treasury provides required assumptions to be used for purposes of Public Act 202 reporting. These assumptions are for reporting purposes only and do not impact required contributions. Please refer to the State Reporting page found at the end of this report for information for this filing.

For a full list of all the assumptions used, please refer to the division-specific assumptions described in table(s) in this report, and to the Appendix on the MERS website at:
http://www.mersofmich.com/Portals/0/Assets/Resources/AAV-Appendix/MERS-2020AnnualActuarialValuation-Appendix.pdf

The actuarial assumptions used for this valuation, including the assumed rate of investment return, are reasonable for purposes of the measurement.

This report reflects the impact of COVID-19 experience through December 31, 2020. It does not reflect the ongoing impact of COVID-19, which is likely to influence demographic and economic experience, at least in the short-term. We will continue to monitor these developments and their impact on the MERS Defined Benefit and Hybrid plans. Actual future experience will be reflected in each subsequent annual valuation, as experience emerges.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of Owosso, City of as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

David T. Kausch, Rebecca L. Stouffer, and Mark Buis are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor. GRS maintains independent consulting agreements with certain local units of government for services unrelated to the actuarial consulting services provided in this report.

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).

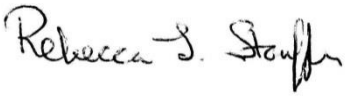
This information is purely actuarial in nature. It is not intended to serve as a substitute for legal, accounting or investment advice.

This report was prepared at the request of the MERS 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). GRS is not responsible for the consequences of any unauthorized use. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

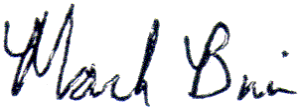
If you have reason to believe that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not described, that conditions have changed since the calculations were made, that the information provided in this report is inaccurate or is in anyway incomplete, 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,

David T. Kausch, FSA, FCA, EA, MAAA



Rebecca L. Stouffer, ASA, FCA, MAAA



Mark Buis, FSA, FCA, EA, MAAA

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Executive Summary

Funded Ratio

The funded ratio of a plan is the percentage of the dollar value of the actuarial accrued liability that is covered by the actuarial value of assets. While funding ratio may be a useful plan measurement, understanding a plan's funding trend may be more important than a particular point in time. Refer to Table 7 to find a history of this information.

	12/31/2020	12/31/2019
Funded Ratio*	86%	82%

* Reflects assets from Surplus divisions, if any.

Throughout this report are references to valuation results generated prior to the 2018 valuation date. Results prior to 2018 were received directly from the prior actuary or extracted from the previous valuation system by MERS's technology service provider.

Required Employer Contributions

Your required employer contributions are shown in the following table. Employee contributions, if any, are in addition to the employer contributions.

Effective for the December 31, 2020 valuation, the MERS Retirement Board has adopted updated demographic assumptions. Changes to these assumptions are effective for contributions beginning in 2022. Effective with the 2019 valuation, the MERS Retirement Board adopted updated economic assumptions. The combined impact of these assumption changes may be phased in. This valuation reflects the second year of phase-in for the economic assumption update and the first year of phase-in for the demographic assumption update. The remaining combined phase-in period is four years for all assumption changes.

By default, MERS will invoice you based on the amount in the "No Phase-in" columns. This amount will be considered the minimum required contribution unless you request to be billed the "Phase-in" rates. If you wish to be billed using the phased-in rates, please contact MERS, at which point the alternate minimum required contribution will be the amount in the "Phase-in" columns.

	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:	12/31/2020	12/31/2020	12/31/2019	12/31/2019	12/31/2020	12/31/2020	12/31/2019	12/31/2019
Fiscal Year Beginning:	July 1, 2022	July 1, 2022	July 1, 2021	July 1, 2021	July 1, 2022	July 1, 2022	July 1, 2021	July 1, 2021
Division								
01 - AFSCME Council	-	-	-	-	$ 4,480	$ 4,864	$ 2,808	$ 2,877
02 - Plc. Cmnd. Emp	38.53%	42.48%	36.58%	39.13%	16,606	18,307	15,392	16,466
05 - Fire hired bf 5/1/19	-	-	-	-	16,124	16,124	0	0
10 - AFSCME hired pr 7/1/05	-	-	-	-	13,403	13,403	0	0
11 - General ee's hired pr 1/1/06	-	-	-	-	19,264	19,264	0	0
20 - POLC - NonSupervisory	-	-	-	-	10,665	12,438	9,916	9,883
HB - IAFF hired aft 5/1/19	5.65%	5.65%	6.40%	6.23%	1,362	1,362	572	557
Total Municipality - Estimated Monthly Contribution					**$ 81,904**	**$ 85,762**	**$ 28,688**	**$ 29,783**
Total Municipality - Estimated Annual Contribution					**$ 982,848**	**$ 1,029,144**	**$ 344,256**	**$ 357,396**

Employee contribution rates:

	Employee Contribution Rate	
Valuation Date:	12/31/2020	12/31/2019
Division		
01 - AFSCME Council	6.40%	6.40%
02 - Plc. Cmnd. Emp	10.00%	10.00%
05 - Fire hired bf 5/1/19	8.00%	0.00%
10 - AFSCME hired pr 7/1/05	6.00%	0.00%
11 - General ee's hired pr 1/1/06	6.00%	0.00%
20 - POLC - NonSupervisory	10.00%	10.00%
HB - IAFF hired aft 5/1/19	0.00%	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 division 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 2022 for the entire employer would be $96,266, instead of $85,762.

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), and
- Experience of the plan (investment experience and demographic experience); this is the difference between actual experience of the plan and the actuarial assumptions.

These impacts are reflected in various tables in the report. For more information, please contact your Regional Manager.

Comments on Investment Rate of Return Assumption

A defined benefit plan is funded by employer contributions, participant contributions, and investment earnings. Investment earnings have historically provided a significant portion 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 **7.35%** per year. This, along with all of our other actuarial assumptions, is reviewed at least 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 assumed investment return assumptions, please review the “what if” projection scenarios later in this report.

Assumption Change in 2020

A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are effective beginning with the December 31, 2020 actuarial valuation, first impacting 2022 contributions. A complete description of the assumptions may be found in the Appendix to the valuation.

Comments on Asset Smoothing

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 2020 was 8.17%, while the actual market rate of return was 12.70%.** 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 view the "How Smoothing Works" video on the Defined Benefit resource page of the MERS website.

As of December 31, 2020, the actuarial value of assets is 97% of market value due to asset smoothing. This means that the rate of return on the actuarial value of assets should exceed the actuarial assumption in the next few years provided that the annual market returns exceed the 7.35% investment return assumption. When all assumptions are met, contribution rates are expected to stay approximately level as a percent of payroll (dollar amounts are expected to increase with wage inflation of 3.0% each year).

If the December 31, 2020 valuation results were based on market value instead of actuarial value:

- The funded percent of your entire municipality would be 88% (instead of 86%); and
- Your total employer contribution requirement for the fiscal year starting July 1, 2022 would be $879,432 (instead of $1,029,144).

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.

Many assumptions are important in determining the required employer contributions. In the following table, we show the impact of varying the Investment Return assumption. Lower investment returns would result in higher required employer contributions, and vice-versa. The three economic scenarios below provide a quantitative risk assessment for the impact of investment returns on the plan's future financial condition for funding purposes.

The relative impact of the economic scenarios 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, 2020 valuation, and are for the municipality in total, not by division. These results do not reflect a phase-in of the impact of the new actuarial assumptions.

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. Projections are not predictions. Future valuations will be based on actual future experience.

12/31/2020 Valuation Results	Lower Future Annual Returns	Lower Future Annual Returns	Valuation Assumptions
Investment Return Assumption	**5.35%**	**6.35%**	**7.35%**
Accrued Liability	$ 58,108,050	$ 52,224,420	$ 47,279,312
Valuation Assets[1]	$ 40,662,626	$ 40,662,626	$ 40,662,626
Unfunded Accrued Liability	$ 17,445,424	$ 11,561,794	$ 6,616,686
Funded Ratio	70%	78%	86%
Monthly Normal Cost	$ 51,475	$ 35,804	$ 24,023
Monthly Amortization Payment	$ 153,023	$ 106,110	$ 61,739
Total Employer Contribution[2]	$ 204,498	$ 141,914	$ 85,762

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

[2] If assets exceed accrued liabilities for a division, the division may have an overfunding credit 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

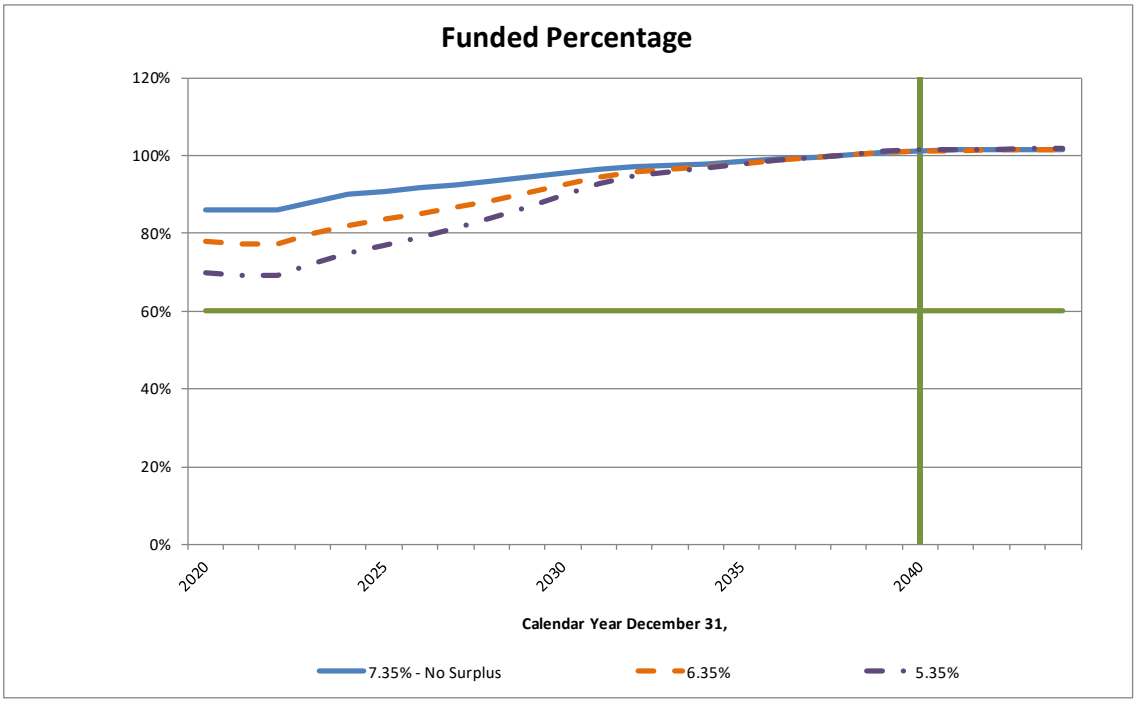
The next two pages show projections of the plan's funded ratio and computed employer contributions under the actuarial assumptions used in the valuation and alternate economic assumption scenarios. All three projections take into account the past investment experience that will continue to affect the actuarial rate of return in the short term.

The 7.35% scenario provides an estimate of computed employer contributions based on current actuarial assumptions, and a projected 7.35% 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 6.35% and 5.35% projection scenarios provide an indication of the potential required employer contribution if these assumptions were met over the long-term.

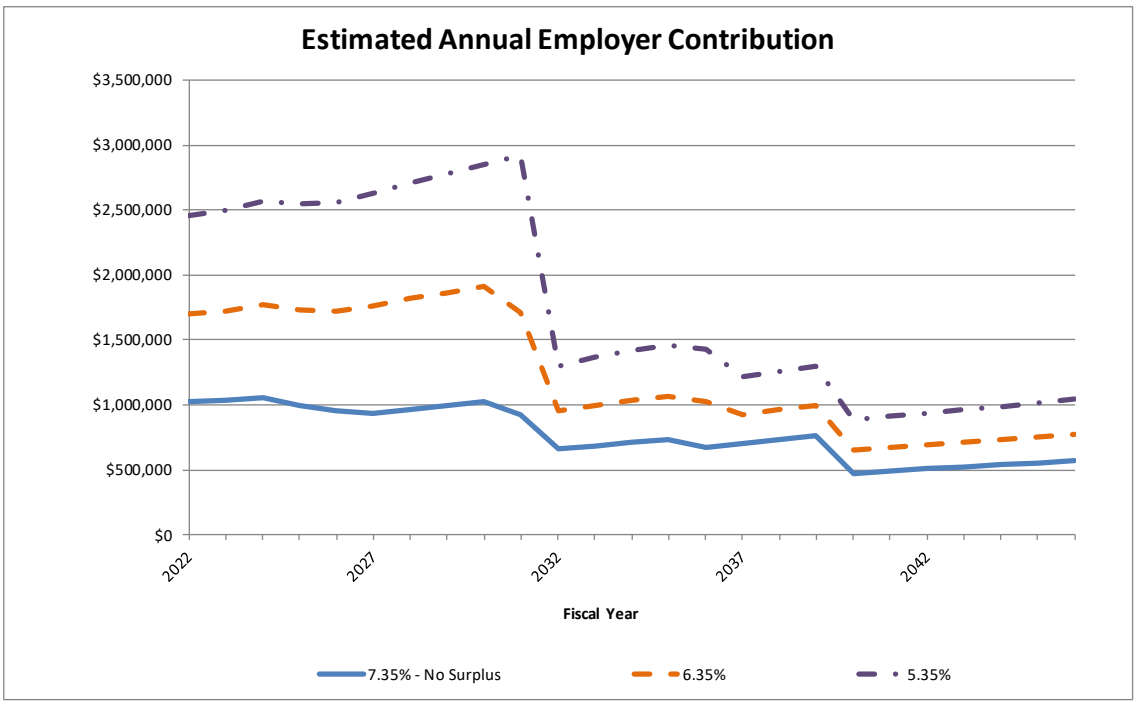
Valuation Year Ending 12/31	Fiscal Year Beginning 7/1	Actuarial Accrued Liability	Valuation Assets[2]	Funded Percentage	Estimated Annual Employer Contribution
7.35%[1] - NO PHASE-IN					
2020	2022	$ 47,279,312	$ 40,662,626	86%	$ 1,029,144
2021	2023	$ 47,600,000	$ 41,000,000	86%	$ 1,030,000
2022	2024	$ 47,900,000	$ 41,300,000	86%	$ 1,050,000
2023	2025	$ 48,100,000	$ 42,500,000	88%	$ 990,000
2024	2026	$ 48,300,000	$ 43,500,000	90%	$ 954,000
2025	2027	$ 48,400,000	$ 44,000,000	91%	$ 934,000
6.35%[1] - NO PHASE-IN					
2020	2022	$ 52,224,420	$ 40,662,626	78%	$ 1,702,968
2021	2023	$ 52,600,000	$ 40,700,000	77%	$ 1,720,000
2022	2024	$ 52,900,000	$ 40,900,000	77%	$ 1,770,000
2023	2025	$ 53,100,000	$ 42,400,000	80%	$ 1,730,000
2024	2026	$ 53,300,000	$ 43,800,000	82%	$ 1,720,000
2025	2027	$ 53,400,000	$ 44,700,000	84%	$ 1,760,000
5.35%[1] - NO PHASE-IN					
2020	2022	$ 58,108,050	$ 40,662,626	70%	$ 2,453,976
2021	2023	$ 58,500,000	$ 40,400,000	69%	$ 2,500,000
2022	2024	$ 58,800,000	$ 40,700,000	69%	$ 2,570,000
2023	2025	$ 59,000,000	$ 42,500,000	72%	$ 2,550,000
2024	2026	$ 59,200,000	$ 44,300,000	75%	$ 2,560,000
2025	2027	$ 59,300,000	$ 45,600,000	77%	$ 2,630,000

[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.
The green indicator lines have been added at 60% funded and 20 years following the valuation date for PA 202 purposes.



Notes:
All projected contributions are shown with no phase-in.

Table 1: Employer Contribution Details for the Fiscal Year Beginning July 1, 2022

Division	Total Normal Cost	Employee Contribut. Rate	Employer Contributions[1]				Blended ER Rate No Phase-In[5]	Blended ER Rate With Phase-In[5]	Employee Contribut. Conversion Factor[2]
			Employer Normal Cost[6]	Payment of the Unfunded Accrued Liability[4]	Computed Employer Contribut. No Phase-In	Computed Employer Contribut. With Phase-In			
Percentage of Payroll									
01 - AFSCME Council	0.00%	6.40%	-	-	-	-			
02 - Plc. Cmnd. Emp	14.99%	10.00%	4.99%	37.49%	42.48%	38.53%			0.84%
05 - Fire hired bf 5/1/19	19.58%	8.00%	-	-	-	-	15.64%	15.64%	
10 - AFSCME hired pr 7/1/05	14.38%	6.00%	-	-	-	-			
11 - General ee's hired pr 1/1/06	11.35%	6.00%	-	-	-	-			
20 - POLC - NonSupervisory	19.91%	10.00%	-	-	-	-			
HB - IAFF hired aft 5/1/19	5.87%	0.00%	5.87%	-0.22%	5.65%	5.65%	15.64%	15.64%	
Estimated Monthly Contribution[3]									
01 - AFSCME Council			$ 0	$ 4,864	$ 4,864	$ 4,480			
02 - Plc. Cmnd. Emp			2,150	16,157	18,307	16,606			
05 - Fire hired bf 5/1/19			10,154	5,970	16,124	16,124			
10 - AFSCME hired pr 7/1/05			2,290	11,113	13,403	13,403			
11 - General ee's hired pr 1/1/06			1,024	18,240	19,264	19,264			
20 - POLC - NonSupervisory			6,989	5,449	12,438	10,665			
HB - IAFF hired aft 5/1/19			1,416	(54)	1,362	1,362			
Total Municipality			**$ 24,023**	**$ 61,739**	**$ 85,762**	**$ 81,904**			
Estimated Annual Contribution[3]			**$ 288,276**	**$ 740,868**	**$ 1,029,144**	**$ 982,848**			

[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] 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 No 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).

[6] For divisions with a negative employer normal cost, employee contributions cover the normal cost and a portion of the payment of any unfunded accrued liability.

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

Table 2: Benefit Provisions

01 - AFSCME Council: Open Division

	2020 Valuation	2019 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):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	6.40%	6.40%
Act 88:	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)

02 - Plc. Cmnd. Emp: Open Division

	2020 Valuation	2019 Valuation
Benefit Multiplier:	Bridged Benefit: 2.80% Multiplier (80% max)-Frozen FAC; 2.50% Multiplier (80% max)	Bridged Benefit: 2.80% Multiplier (80% max) Frozen FAC; 2.50% Multiplier (80% max)
Bridged Benefit Date:	6/30/2012	6/30/2012
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:	10.00%	10.00%
Act 88:	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)

05 - Fire hired bf 5/1/19: Closed to new hires, linked to Division HB

	2020 Valuation	2019 Valuation
Benefit Multiplier:	2.80% Multiplier for Svc < 25 yrs, 1.00% Multiplier for Svc > 25 yrs paid to Social Security Age, 2.38% Multiplier paid after Social Security Age (75% max)	-
Normal Retirement Age:	55	-
Vesting:	10 years	-
Early Retirement (Unreduced):	50/25	-
Early Retirement (Reduced):	-	-
Final Average Compensation:	3 years	-
COLA for Future Retirees:	1.40% (Non-Compound) payable for 10 years	-
COLA for Current Retirees:	1.40% (Non-Compound) payable for 10 years	-
Employee Contributions:	8.00%	-
Act 88:	Yes (Adopted 7/20/1964)	-

10 - AFSCME hired pr 7/1/05: Closed to new hires

	2020 Valuation	2019 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	-
Normal Retirement Age:	60	-
Vesting:	10 years	-
Early Retirement (Unreduced):	55/25	-
Early Retirement (Reduced):	50/25	-
	55/15	-
Final Average Compensation:	3 years	-
COLA for Future Retirees:	1.40% (Non-Compound) payable for 10 years	-
COLA for Current Retirees:	1.40% (Non-Compound) payable for 10 years	-
Employee Contributions:	6.00%	-
Act 88:	Yes (Adopted 7/20/1964)	-

11 - General ee's hired pr 1/1/06: Closed to new hires

	2020 Valuation	2019 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	-
Normal Retirement Age:	60	-
Vesting:	10 years	-
Early Retirement (Unreduced):	-	-
Early Retirement (Reduced):	50/25	-
	55/15	-
Final Average Compensation:	3 years	-
COLA for Future Retirees:	1.40% (Non-Compound) payable for 10 years	-
COLA for Current Retirees:	1.40% (Non-Compound) payable for 10 years	-
Employee Contributions:	6.00%	-
Act 88:	Yes (Adopted 7/20/1964)	-

20 - POLC - NonSupervisory: Closed to new hires, linked to Division HA

	2020 Valuation	2019 Valuation
Benefit Multiplier:	2.80% Multiplier (80% max)	2.80% Multiplier (80% max)
Normal Retirement Age:	55	55
Vesting:	10 years	10 years
Early Retirement (Unreduced):	50/25	50/25
Early Retirement (Reduced):	-	-
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	1.40% (Non-Compound) payable for 10 years	1.40% (Non-Compound) payable for 10 years
COLA for Current Retirees:	1.40% (Non-Compound) payable for 10 years	1.40% (Non-Compound) payable for 10 years
Employee Contributions:	10.00%	10.00%
Act 88:	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)

HB - IAFF hired aft 5/1/19: Open Division, linked to Division 05

	2020 Valuation	2019 Valuation
Benefit Multiplier:	1.50% Multiplier (no max)	1.50% Multiplier (no max)
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	-	-
Final Average Compensation:	3 years	3 years
Employee Contributions:	0.00%	0.00%
Act 88:	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)

Table 3: Participant Summary

Division	2020 Valuation Number	2020 Valuation Annual Payroll[1]	2019 Valuation Number	2019 Valuation Annual Payroll[1]	2020 Valuation Average Age	2020 Valuation Average Benefit Service[2]	2020 Valuation Average Eligibility Service[2]
01 - AFSCME Council							
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	6	79,434	4	48,176	76.7		
Pending Refunds	0		0				
02 - Plc. Cmnd. Emp							
Active Employees	6	$ 480,246	6	$ 468,874	41.8	16.3	16.3
Vested Former Employees	1	15,138	1	15,138	41.6	10.0	10.0
Retirees and Beneficiaries	10	348,043	10	348,043	68.7		
Pending Refunds	0		0				
05 - Fire hired bf 5/1/19							
Active Employees	16	$ 1,143,664	0	$ 0	42.1	11.0	11.2
Vested Former Employees	1	15,095	0	0	41.4	0.0	10.6
Retirees and Beneficiaries	25	746,767	0	0	74.8		
Pending Refunds	0		0				
10 - AFSCME hired pr 7/1/05							
Active Employees	8	$ 428,726	0	$ 0	59.2	20.7	20.7
Vested Former Employees	1	12,132	0	0	53.9	0.0	11.1
Retirees and Beneficiaries	23	724,860	0	0	66.8		
Pending Refunds	0		0				
11 - General ee's hired pr 1/1/06							
Active Employees	5	$ 288,548	0	$ 0	52.4	24.0	24.0
Vested Former Employees	2	23,969	0	0	56.8	0.0	19.6
Retirees and Beneficiaries	33	1,253,844	0	0	71.9		
Pending Refunds	0		0				
20 - POLC - NonSupervisory							
Active Employees	11	$ 818,514	11	$ 778,758	37.3	10.7	10.7
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	12	357,228	12	355,382	74.7		
Pending Refunds	0		0				
HB - IAFF hired aft 5/1/19							
Active Employees	2	$ 102,422	2	$ 99,670	27.7	0.8	0.8
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	0	0	0	0	0.0		
Pending Refunds	0		0				
Total Municipality							
Active Employees	**48**	**$ 3,262,120**	**19**	**$ 1,347,302**	**44.3**	**14.1**	**14.2**
Vested Former Employees	**5**	**66,334**	**1**	**15,138**	**50.1**	**2.0**	**14.2**
Retirees and Beneficiaries	**109**	**3,510,176**	**26**	**751,600**	**71.8**		
Pending Refunds	**0**		**0**				
Total Participants	**162**		**46**				

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

[2] Descriptions can be found under Miscellaneous and Technical Assumptions in the Appendix.

Table 4: Reported Assets (Market Value)

Division	2020 Valuation		2019 Valuation	
	Employer and Retiree[1]	Employee[2]	Employer and Retiree[1]	Employee[2]
01 - AFSCME Council	$ 246,407	$ 0	$ 241,690	$ 0
02 - Plc. Cmnd. Emp	2,494,073	602,243	2,342,293	553,665
05 - Fire hired bf 5/1/19	9,756,058	1,024,263	0	0
10 - AFSCME hired pr 7/1/05	8,767,365	779,480	0	0
11 - General ee's hired pr 1/1/06	12,121,557	604,827	0	0
20 - POLC - NonSupervisory	4,777,834	634,271	4,401,293	552,004
HB - IAFF hired aft 5/1/19	10,241	0	3,017	0
S1 - Surplus Assoc. 20 & HA	0	0	858,376	0
Municipality Total[3]	**$ 38,173,536**	**$ 3,645,083**	**$ 7,846,668**	**$ 1,105,669**
Combined Assets[3]	**$41,818,619**		**$8,952,338**	

[1] Reserve for Employer Contributions and Benefit Payments.

[2] Reserve for Employee Contributions.

[3] Totals may not add due to rounding.

The December 31, 2020 valuation assets (actuarial value of assets) are equal to 0.972357 times the reported market value of assets (compared to 1.013179 as of December 31, 2019). Refer to the Appendix for a description of the valuation asset derivation and a detailed calculation of valuation assets.

Table 5: Flow of Valuation Assets

Year Ended 12/31	Employer Contributions		Employee Contributions	Investment Income (Valuation Assets)	Benefit Payments	Employee Contribution Refunds	Net Transfers	Valuation Asset Balance
	Required	Additional						
2010	$ 89,092		$ 58,984	$ 174,645	$ (288,616)	$ 0	$ 0	$ 3,640,481
2011	126,976	$ 0	101,124	184,073	(331,212)	0	0	3,721,442
2012	28,681	53,122	68,674	141,423	(381,134)	0	0	3,632,208
2013	50,730	0	59,442	188,762	(381,134)	0	0	3,550,008
2014	50,484	0	59,724	187,471	(381,134)	0	0	3,466,553
2015	59,586	0	45,863	148,725	(385,996)	0	0	3,334,731
2016	206,166	0	45,641	164,821	(398,083)	0	0	3,353,276
2017	139,100	0	43,917	190,787	(396,219)	0	0	3,330,861
2018	140,293	0	42,775	114,912	(396,219)	0	0	3,232,622
2019	5,138,223	815,416	85,826	371,220	(572,987)	0	0	9,070,320
2020	25,564,961	0	2,857,659	5,484,302	(2,314,616)	0	0	40,662,626

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 Asset balance includes assets from Surplus divisions, if any.

Years where historical information is not available will be displayed with zero values.

Table 6: Actuarial Accrued Liabilities and Valuation Assets as of December 31, 2020

Division	Actuarial Accrued Liability					Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
01 - AFSCME Council	$ 0	$ 0	$ 704,698	$ 0	$ 704,698	$ 239,596	34.0%	$ 465,102
02 - Plc. Cmnd. Emp	1,659,962	49,193	3,714,129	0	5,423,284	3,010,725	55.5%	2,412,559
05 - Fire hired bf 5/1/19	3,996,611	75,417	6,930,134	0	11,002,162	10,482,321	95.3%	519,841
10 - AFSCME hired pr 7/1/05	2,439,802	98,322	7,712,440	0	10,250,564	9,282,941	90.6%	967,623
11 - General ee's hired pr 1/1/06	1,676,365	256,703	12,029,771	0	13,962,839	12,374,588	88.6%	1,588,251
20 - POLC - NonSupervisory	2,591,976	0	3,339,923	0	5,931,899	5,262,497	88.7%	669,402
HB - IAFF hired aft 5/1/19	3,866	0	0	0	3,866	9,958	257.6%	(6,092)
S1 - Surplus Assoc. 20 & HA	0	0	0	0	0	0		0
Total	**$ 12,368,582**	**$ 479,635**	**$ 34,431,095**	**$ 0**	**$ 47,279,312**	**$ 40,662,626**	**86.0%**	**$ 6,616,686**

The following results show the combined accrued liabilities and assets for each set of linked divisions. These results are already shown in the table on the prior page(s).

Table 6 (continued)

Division	Actuarial Accrued Liability					Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
Linked Divisions HB, 05	4,000,477	75,417	6,930,134	0	11,006,028	10,492,279	95.3%	513,749

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

The December 31, 2020 valuation assets (actuarial value of assets) are equal to 0.972357 times the reported market value of assets. Refer to the Appendix for a description of the valuation asset derivation and a detailed calculation of valuation assets.

Table 7: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2006	$ 3,625,641	$ 3,662,770	101%	$ (37,129)
2007	3,616,007	3,707,096	103%	(91,089)
2008	3,943,773	3,689,088	94%	254,685
2009	4,131,958	3,606,376	87%	525,582
2010	4,350,930	3,640,481	84%	710,449
2011	4,715,575	3,721,442	79%	994,133
2012	4,671,640	3,632,208	78%	1,039,432
2013	4,713,670	3,550,008	75%	1,163,662
2014	4,719,502	3,466,553	74%	1,252,949
2015	4,914,792	3,334,731	68%	1,580,061
2016	4,946,954	3,353,276	68%	1,593,678
2017	5,127,648	3,330,861	65%	1,796,787
2018	5,211,698	3,232,622	62%	1,979,076
2019	11,063,634	9,070,320	82%	1,993,314
2020	47,279,312	40,662,626	86%	6,616,686

Notes: Actuarial assumptions were revised for the 2008, 2009, 2010, 2011, 2012, 2015, 2019 and 2020 actuarial valuations.

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

Years where historical information is not available will be displayed with zero values.

Throughout this report are references to valuation results generated prior to the 2018 valuation date. Results prior to 2018 were received directly from the prior actuary or extracted from the previous valuation system by MERS's technology service provider.

Tables 8 and 9: Division-Based Comparative Schedules

Division 01 - AFSCME Council

Table 8-01: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2010	$ 467,634	$ 503,903	108%	$ (36,269)
2011	457,182	468,271	102%	(11,089)
2012	446,515	429,222	96%	17,293
2013	435,473	396,043	91%	39,430
2014	424,344	363,711	86%	60,633
2015	435,215	328,692	76%	106,523
2016	387,719	299,564	77%	88,155
2017	376,422	282,239	75%	94,183
2018	366,227	261,800	71%	104,427
2019	362,777	244,875	68%	117,902
2020	704,698	239,596	34%	465,102

Notes: Actuarial assumptions were revised for the 2010, 2011, 2012, 2015, 2019 and 2020 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		
2010	0	$ 0	$ 0	0.00%
2011	0	0	$ 0	0.00%
2012	0	0	$ 194	0.00%
2013	0	0	$ 507	0.00%
2014	0	0	$ 946	0.00%
2015	0	0	$ 1,939	0.00%
2016	0	0	$ 1,811	6.40%
2017	0	0	$ 2,073	6.40%
2018	0	0	$ 2,450	6.40%
2019	0	0	$ 2,877	6.40%
2020	0	0	$ 4,864	6.40%

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 12/31/2020 valuations do not reflect the phase-in of the change in contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.

Table 8-02: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2010	$ 3,883,296	$ 3,136,578	81%	$ 746,718
2011	4,258,393	3,253,171	76%	1,005,222
2012	4,225,125	3,202,986	76%	1,022,139
2013	4,278,197	3,153,965	74%	1,124,232
2014	4,295,158	3,102,842	72%	1,192,316
2015	4,479,577	3,006,039	67%	1,473,538
2016	4,559,235	3,053,712	67%	1,505,523
2017	4,751,226	3,048,622	64%	1,702,604
2018	4,845,471	2,970,822	61%	1,874,649
2019	5,172,574	2,934,124	57%	2,238,450
2020	5,423,284	3,010,725	56%	2,412,559

Notes: Actuarial assumptions were revised for the 2010, 2011, 2012, 2015, 2019 and 2020 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		
2010	6	$ 338,561	4.00%	26.68%
2011	6	309,897	4.00%	34.81%
2012	6	364,636	14.58%	18.58%
2013	6	367,463	16.42%	20.42%
2014	5	300,597	19.62%	23.62%
2015	5	313,381	33.23%	12.00%
2016	6	409,210	27.49%	11.00%
2017	6	418,961	30.95%	10.00%
2018	6	427,743	33.95%	10.00%
2019	6	468,874	39.13%	10.00%
2020	6	480,246	42.48%	10.00%

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 12/31/2020 valuations do not reflect the phase-in of the change in contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.

Table 8-05: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2010	$ 0	$ 0	0%	$ 0
2011	0	0	0%	0
2012	0	0	0%	0
2013	0	0	0%	0
2014	0	0	0%	0
2015	0	0	0%	0
2016	0	0	0%	0
2017	0	0	0%	0
2018	0	0	0%	0
2019	0	0	0%	0
2020	11,002,162	10,482,321	95%	519,841

Notes: Actuarial assumptions were revised for the 2010, 2011, 2012, 2015, 2019 and 2020 actuarial valuations.

Table 9-05: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution[1]	Employee Contribution Rate[2]
	Number	Annual Payroll		
2010	0	$ 0	$ 0	0.00%
2011	0	0	$ 0	0.00%
2012	0	0	$ 0	0.00%
2013	0	0	$ 0	0.00%
2014	0	0	$ 0	0.00%
2015	0	0	$ 0	0.00%
2016	0	0	$ 0	0.00%
2017	0	0	$ 0	0.00%
2018	0	0	$ 0	0.00%
2019	0	0	$ 0	0.00%
2020	16	1,143,664	$ 16,124	8.00%

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 12/31/2020 valuations do not reflect the phase-in of the change in contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.

Table 8-10: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2010	$ 0	$ 0	0%	$ 0
2011	0	0	0%	0
2012	0	0	0%	0
2013	0	0	0%	0
2014	0	0	0%	0
2015	0	0	0%	0
2016	0	0	0%	0
2017	0	0	0%	0
2018	0	0	0%	0
2019	0	0	0%	0
2020	10,250,564	9,282,941	91%	967,623

Notes: Actuarial assumptions were revised for the 2010, 2011, 2012, 2015, 2019 and 2020 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		
2010	0	$ 0	$ 0	0.00%
2011	0	0	$ 0	0.00%
2012	0	0	$ 0	0.00%
2013	0	0	$ 0	0.00%
2014	0	0	$ 0	0.00%
2015	0	0	$ 0	0.00%
2016	0	0	$ 0	0.00%
2017	0	0	$ 0	0.00%
2018	0	0	$ 0	0.00%
2019	0	0	$ 0	0.00%
2020	8	428,726	$ 13,403	6.00%

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 12/31/2020 valuations do not reflect the phase-in of the change in contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.

Table 8-11: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2010	$ 0	$ 0	0%	$ 0
2011	0	0	0%	0
2012	0	0	0%	0
2013	0	0	0%	0
2014	0	0	0%	0
2015	0	0	0%	0
2016	0	0	0%	0
2017	0	0	0%	0
2018	0	0	0%	0
2019	0	0	0%	0
2020	13,962,839	12,374,588	89%	1,588,251

Notes: Actuarial assumptions were revised for the 2010, 2011, 2012, 2015, 2019 and 2020 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		
2010	0	$ 0	$ 0	0.00%
2011	0	0	$ 0	0.00%
2012	0	0	$ 0	0.00%
2013	0	0	$ 0	0.00%
2014	0	0	$ 0	0.00%
2015	0	0	$ 0	0.00%
2016	0	0	$ 0	0.00%
2017	0	0	$ 0	0.00%
2018	0	0	$ 0	0.00%
2019	0	0	$ 0	0.00%
2020	5	288,548	$ 19,264	6.00%

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 12/31/2020 valuations do not reflect the phase-in of the change in contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.

Table 8-20: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2010	$ 0	$ 0	0%	$ 0
2011	0	0	0%	0
2012	0	0	0%	0
2013	0	0	0%	0
2014	0	0	0%	0
2015	0	0	0%	0
2016	0	0	0%	0
2017	0	0	0%	0
2018	0	0	0%	0
2019	5,521,502	5,018,576	91%	502,926
2020	5,931,899	5,262,497	89%	669,402

Notes: Actuarial assumptions were revised for the 2010, 2011, 2012, 2015, 2019 and 2020 actuarial valuations.

Table 9-20: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution[1]	Employee Contribution Rate[2]
	Number	Annual Payroll		
2010	0	$ 0	$ 0	0.00%
2011	0	0	$ 0	0.00%
2012	0	0	$ 0	0.00%
2013	0	0	$ 0	0.00%
2014	0	0	$ 0	0.00%
2015	0	0	$ 0	0.00%
2016	0	0	$ 0	0.00%
2017	0	0	$ 0	0.00%
2018	0	0	$ 0	0.00%
2019	11	778,758	$ 9,883	10.00%
2020	11	818,514	$ 12,438	10.00%

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 12/31/2020 valuations do not reflect the phase-in of the change in contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.

Table 8-HB: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2010	$ 0	$ 0	0%	$ 0
2011	0	0	0%	0
2012	0	0	0%	0
2013	0	0	0%	0
2014	0	0	0%	0
2015	0	0	0%	0
2016	0	0	0%	0
2017	0	0	0%	0
2018	0	0	0%	0
2019	6,781	3,057	45%	3,724
2020	3,866	9,958	258%	(6,092)

Notes: Actuarial assumptions were revised for the 2010, 2011, 2012, 2015, 2019 and 2020 actuarial valuations.

Table 9-HB: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution[1]	Employee Contribution Rate[2]
	Number	Annual Payroll		
2010	0	$ 0	$ 0	0.00%
2011	0	0	$ 0	0.00%
2012	0	0	$ 0	0.00%
2013	0	0	$ 0	0.00%
2014	0	0	$ 0	0.00%
2015	0	0	$ 0	0.00%
2016	0	0	$ 0	0.00%
2017	0	0	$ 0	0.00%
2018	0	0	$ 0	0.00%
2019	2	99,670	6.23%	0.00%
2020	2	102,422	5.65%	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 12/31/2020 valuations do not reflect the phase-in of the change in contribution requirements associated with the new actuarial assumptions. The full contribution without phase-in is shown in Table 9 above.

See the Benefit Provision History, later in this report, for past benefit provision changes.

Years where historical information is not available will be displayed with zero values.

Table 8-S1: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2010	$ 0	$ 0		$ 0
2011	0	0		0
2012	0	0		0
2013	0	0		0
2014	0	0		0
2015	0	0		0
2016	0	0		0
2017	0	0		0
2018	0	0		0
2019	0	869,688		(869,688)
2020	0	0		0

Notes: Actuarial assumptions were revised for the 2010, 2011, 2012, 2015, 2019 and 2020 actuarial valuations.

Years where historical information is not available will be displayed with zero values.

Table 10: Division-Based Layered Amortization Schedule

Division 01 - AFSCME Council

Table 10-01: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance[1]	Original Amortization Period[2]	Amounts for Fiscal Year Beginning 7/1/2022		
				Outstanding UAL Balance[3]	Remaining Amortization Period[2]	Annual Amortization Payment
(Gain)/Loss	12/31/2016	$ (17,647)	10	$ (14,660)	6	$ (2,796)
(Gain)/Loss	12/31/2017	17,060	10	15,645	7	2,616
(Gain)/Loss	12/31/2018	26,262	10	26,072	8	3,888
(Gain)/Loss	12/31/2019	21,527	10	22,631	9	3,060
Assumption	12/31/2019	8,142	10	8,023	9	1,080
Experience	12/31/2020	366,613	10	407,766	10	50,520
Total				**$ 465,477**		**$ 58,368**

[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, 2020 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2020 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.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

Table 10-02: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance[1]	Original Amortization Period[2]	Amounts for Fiscal Year Beginning 7/1/2022		
				Outstanding UAL Balance[3]	Remaining Amortization Period[2]	Annual Amortization Payment
Initial	12/31/2015	$ 1,473,538	23	$ 1,592,528	18	$ 127,308
(Gain)/Loss	12/31/2016	(42,759)	22	(48,152)	18	(3,852)
Amendment	12/31/2016	6,301	22	7,092	18	564
(Gain)/Loss	12/31/2017	161,091	21	180,210	18	14,412
Amendment	12/31/2017	7,281	21	8,131	18	648
(Gain)/Loss	12/31/2018	147,375	20	164,123	18	13,116
(Gain)/Loss	12/31/2019	167,201	19	184,778	18	14,772
Assumption	12/31/2019	170,092	19	175,756	18	14,052
Experience	12/31/2020	144,706	18	160,950	18	12,864
Total				**$ 2,425,416**		**$ 193,884**

[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, 2020 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2020 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.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

Table 10-05: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance[1]	Original Amortization Period[2]	Amounts for Fiscal Year Beginning 7/1/2022		
				Outstanding UAL Balance[3]	Remaining Amortization Period[2]	Annual Amortization Payment
Experience	12/31/2020	$ 519,841	10	$ 578,194	10	$ 71,640
Total				**$ 578,194**		**$ 71,640**

[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, 2020 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2020 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.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

Table 10-10: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance[1]	Original Amortization Period[2]	Amounts for Fiscal Year Beginning 7/1/2022		
				Outstanding UAL Balance[3]	Remaining Amortization Period[2]	Annual Amortization Payment
Experience	12/31/2020	$ 967,624	10	$ 1,076,241	10	$ 133,356
Total				**$ 1,076,241**		**$ 133,356**

[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, 2020 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2020 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.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

Table 10-11: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance[1]	Original Amortization Period[2]	Amounts for Fiscal Year Beginning 7/1/2022		
				Outstanding UAL Balance[3]	Remaining Amortization Period[2]	Annual Amortization Payment
Experience	12/31/2020	$ 1,588,250	10	$ 1,766,534	10	$ 218,880
Total				**$ 1,766,534**		**$ 218,880**

[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, 2020 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2020 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.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

Table 10-20: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance[1]	Original Amortization Period[2]	Amounts for Fiscal Year Beginning 7/1/2022		
				Outstanding UAL Balance[3]	Remaining Amortization Period[2]	Annual Amortization Payment
(Gain)/Loss	12/31/2019	$ 502,926	15	$ 547,866	14	$ 52,308
Experience	12/31/2020	129,521	15	144,060	15	13,080
Total				**$ 691,926**		**$ 65,388**

[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, 2020 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2020 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.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

Table 10-HB: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance[1]	Original Amortization Period[2]	Amounts for Fiscal Year Beginning 7/1/2022		
				Outstanding UAL Balance[3]	Remaining Amortization Period[2]	Annual Amortization Payment
Experience	12/31/2020	$ (6,450)	15	$ (7,174)	15	$ (648)
Total				**$ (7,174)**		**$ (648)**

[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, 2020 (see Table 6) is projected to the beginning of the fiscal year for which the contributions are being calculated. This allows the 2020 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.

Note: The original balance and original amortization periods prior to 12/31/2018 were received from the prior actuary.

GASB Statement No. 68 Information

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

Actuarial Valuation Date:		12/31/2020
Measurement Date of the Total Pension Liability (TPL):		12/31/2020
At 12/31/2020, the following employees were covered by the benefit terms:		
Inactive employees or beneficiaries currently receiving benefits:		109
Inactive employees entitled to but not yet receiving benefits (including refunds):		5
Active employees:		48
		162
Total Pension Liability as of 12/31/2019 measurement date:	$	10,790,002
Total Pension Liability as of 12/31/2020 measurement date:	$	46,196,403
Service Cost for the year ending on the 12/31/2020 measurement date:	$	511,427
Change in the Total Pension Liability due to:		
- Benefit changes[1]:	$	0
- Differences between expected and actual experience[2]:	$	36,158,635
- Changes in assumptions[2]:	$	299,435
Average expected remaining service lives of all employees (active and inactive):		3

[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.

Covered employee payroll (Needed for Required Supplementary Information):	$	3,262,120

Note: Covered employee payroll may differ from the GASB Statement No. 68 definition.

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

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Change in Net Pension Liability as of 12/31/2020:	$ 4,751,068	$ 0	$ (4,018,152)

Note: The current discount rate shown for GASB Statement No. 68 purposes is higher than the MERS assumed rate of return. This is because for GASB Statement No. 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 - AFSCME Council

12/1/2020	Non-Accelerated Amortization
12/31/2018	Accelerated to 5-year Amortization
12/1/2016	Service Credit Purchase Estimates - Yes
2/1/1996	Member Contribution Rate 6.40%
1/1/1996	Member Contribution Rate 9.90%
10/1/1995	Benefit FAC-3 (3 Year Final Average Compensation)
10/1/1995	10 Year Vesting
10/1/1995	Benefit B-4 (80% max)
10/1/1995	Benefit F55 (With 25 Years of Service)
10/1/1995	Member Contribution Rate 6.00%
10/1/1995	Fiscal Month - July
7/20/1964	Covered by Act 88
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

02 - Plc. Cmnd. Emp

7/1/2017	Participant Contribution Rate 10%
12/1/2016	Service Credit Purchase Estimates - Yes
7/1/2016	Participant Contribution Rate 11%
7/1/2015	Non Standard Compensation Definition
7/1/2015	Participant Contribution Rate 12%
7/1/2014	Member Contribution Rate 18.58%
7/1/2013	Member Contribution Rate 17.81%
7/1/2012	Benefit B-4 (80% max)
7/1/2012	Member Contribution Rate 14.55%
6/30/2012	Frozen FAC
7/1/2011	Member Contribution Rate 21.87%
7/1/2010	Member Contribution Rate 17.47%
7/1/2009	Member Contribution Rate 10.15%
7/1/2008	Member Contribution Rate 10.87%
7/1/2007	Member Contribution Rate 10.56%
7/1/2006	Member Contribution Rate 7.61%
7/1/2005	Member Contribution Rate 2.03%
7/1/2004	Member Contribution Rate 2.32%
7/1/2003	2.8% Multiplier (80% max)
7/1/2003	Member Contribution Rate 1.42%
3/1/1997	Benefit FAC-3 (3 Year Final Average Compensation)
3/1/1997	10 Year Vesting
3/1/1997	Benefit B-4 (80% max)
3/1/1997	Benefit F50 (With 25 Years of Service)
3/1/1997	Member Contribution Rate 0.00%
10/1/1995	Fiscal Month - July

02 - Plc. Cmnd. Emp

7/20/1964	Covered by Act 88
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

05 - Fire hired bf 5/1/19

6/1/2020	Day of work is defined as 10 - 24 hour days
6/1/2020	Benefit FAC-3 (3 Year Final Average Compensation)
6/1/2020	Non Standard Compensation Definition
6/1/2020	Exclude Temporary Employees requiring less than 12 months
6/1/2020	10 Year Vesting
6/1/2020	Defined Benefit Normal Retirement Age - 55
6/1/2020	Service Credit Purchase Estimates - No
6/1/2020	2.8% Mult. for Svc < 25 years, and 1%> 25 yrs (80% max)
6/1/2020	Benefit F55 (With 10 Years of Service)
6/1/2020	Benefit F50 (With 25 Years of Service)
6/1/2020	Participant Contribution Rate 8%
6/1/2020	E2 1.4% COLA for future retirees (6/1/2020) for the first 10 years only
6/1/2020	E1 1.4% COLA for past retirees (retired on/bf 6/1/2020) for the first 10 years only
3/1/2020	Temporary Benefit Modification - COVID
10/1/1995	Fiscal Month - July
7/20/1964	Covered by Act 88

10 - AFSCME hired pr 7/1/05

6/1/2020	Day of Work defined as 10 8 hour days
6/1/2020	Benefit FAC-3 (3 Year Final Average Compensation)
6/1/2020	Non Standard Compensation Definition
6/1/2020	Exclude Temporary Employees requiring less than 12 months
6/1/2020	10 Year Vesting
6/1/2020	Defined Benefit Normal Retirement Age - 60
6/1/2020	Service Credit Purchase Estimates - No
6/1/2020	Benefit B-4 (80% max)
6/1/2020	Benefit F55 (With 25 Years of Service)
6/1/2020	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
6/1/2020	Participant Contribution Rate 6%
6/1/2020	E2 1.4% COLA for future retirees (6/1/2020) for the first 10 years only
6/1/2020	E1 1.4% COLA for past retirees (retired on/bf 6/1/2020) for the first 10 years only
10/1/1995	Fiscal Month - July
7/20/1964	Covered by Act 88

11 - General ee's hired pr 1/1/06

6/1/2020	Day of Work defined as 10 7 hour days
6/1/2020	Benefit FAC-3 (3 Year Final Average Compensation)
6/1/2020	Non Standard Compensation Definition
6/1/2020	Exclude Temporary Employees requiring less than 12 months
6/1/2020	Sick Eligibility - 50% of Unused Max 120 days
6/1/2020	10 Year Vesting
6/1/2020	Defined Benefit Normal Retirement Age - 60
6/1/2020	Service Credit Purchase Estimates - No
6/1/2020	Benefit B-4 (80% max)

11 - General ee's hired pr 1/1/06

6/1/2020	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
6/1/2020	Participant Contribution Rate 6%
6/1/2020	E2 1.4% COLA for future retirees (6/1/2020) for the first 10 years only
6/1/2020	E1 1.4% COLA for past retirees (retired on/bf 6/1/2020) for the first 10 years only
3/1/2020	Temporary Benefit Modification - COVID
10/1/1995	Fiscal Month - July
7/20/1964	Covered by Act 88

20 - POLC - NonSupervisory

6/1/2020	E1 1.4% COLA for past retirees (retired on/bf 6/1/2020) for the first 10 years only
7/1/2019	Day of work defined as 120 Hours a Month for All employees.
7/1/2019	Benefit FAC-3 (3 Year Final Average Compensation)
7/1/2019	Non Standard Compensation Definition
7/1/2019	Exclude Temporary Employees requiring less than 12 months
7/1/2019	Sick Eligibility - 480 hrs max at 50% of pay
7/1/2019	10 Year Vesting
7/1/2019	Defined Benefit Normal Retirement Age - 55
7/1/2019	Service Credit Purchase Estimates - No
7/1/2019	2.8% Multiplier (80% max)
7/1/2019	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years
7/1/2019	Benefit F50 (With 25 Years of Service)
7/1/2019	Participant Contribution Rate 10%
7/1/2019	E2 1.4% COLA for future retirees (7/1/2019) for the first 10 years only
10/1/1995	Fiscal Month - July
7/20/1964	Covered by Act 88

HB - IAFF hired aft 5/1/19

5/1/2019	DB Exempt from Social Security
5/1/2019	Day of work defined as 120 Hours a Month for All employees.
5/1/2019	Benefit FAC-3 (3 Year Final Average Compensation)
5/1/2019	Non Standard Compensation Definition
5/1/2019	6 Year Vesting
5/1/2019	Defined Benefit Normal Retirement Age - 60
5/1/2019	Base Wages & Included/Excluded
5/1/2019	1.5% Multiplier
5/1/2019	Benefit F55 (With 25 Years of Service)
10/1/1995	Fiscal Month - July
7/20/1964	Covered by ACT 88

S1 - Surplus Assoc. 20 & HA

10/1/1995	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
01 - AFSCME Council	4.00%
02 - Plc. Cmnd. Emp	4.00%
05 - Fire hired bf 5/1/19	4.00%
10 - AFSCME hired pr 7/1/05	8.00%
11 - General ee's hired pr 1/1/06	8.00%
20 - POLC - NonSupervisory	10.00%
HB - IAFF hired aft 5/1/19	0.00%

Miscellaneous and Technical Assumptions

Loads – None.

Amortization Policy for Closed Not Linked Divisions: The default funding policy for closed not linked divisions, including open divisions with zero active members, is to follow a non-accelerated amortization, where each closed period decreases by one-year each year until the period is exhausted. In select instances, closed not linked division(s) may follow an accelerated amortization policy.

Risk Commentary

Determination of the accrued liability, the employer contribution, and the funded ratio requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability, the actuarially determined contribution and the funded ratio that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

- **Investment Risk** – actual investment returns may differ from the expected returns;
- **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
- **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
- **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
- **Other Demographic Risks –** members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

  The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

PLAN MATURITY MEASURES

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

	12/31/2020	12/31/2019	12/31/2018
1. Ratio of the market value of assets to total payroll	12.8	6.6	6.9
2. Ratio of actuarial accrued liability to payroll	14.5	8.2	12.2
3. Ratio of actives to retirees and beneficiaries	0.4	0.7	0.4
4. Ratio of market value of assets to benefit payments	18.1	15.6	7.4
5. Ratio of net cash flow to market value of assets (boy)	291.6%	185.2%	-6.5%

RATIO OF MARKET VALUE OF ASSETS TO TOTAL PAYROLL

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

RATIO OF ACTUARIAL ACCRUED LIABILITY TO PAYROLL

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

RATIO OF MARKET VALUE OF ASSETS TO BENEFIT PAYMENTS

The MERS' Actuarial Policy requires a total minimum contribution equal to the excess (if any) of three times the expected annual benefit payments over the projected market value of assets as of the participating municipality or court's Fiscal Year for which the contribution applies. The ratio of market value of assets to benefit payments as of the valuation date provides an indication of whether the division is at risk for triggering the minimum contribution rule in the near term. If the division triggers this minimum contribution rule, the required employer contributions could increase dramatically relative to previous valuations.

RATIO OF NET CASH FLOW TO MARKET VALUE OF ASSETS

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

State Reporting

The following information has been prepared to provide some of the information necessary to complete the Public Act 202 pension reporting requirements for the State of Michigan's Local Government Retirement System Annual Report (Form No. 5572). Additional resources are available at www.mersofmich.com and on the State website.

Form 5572 Line Reference	Description	Result
10	**Membership as of December 31, 2020**	
11	Indicate number of active members	48
12	Indicate number of inactive members (excluding pending refunds)	5
13	Indicate number of retirees and beneficiaries	109
14	**Investment Performance for Calendar Year Ending December 31, 2020[1]**	
15	Enter actual rate of return - prior 1-year period	13.59%
16	Enter actual rate of return - prior 5-year period	9.35%
17	Enter actual rate of return - prior 10-year period	7.91%
18	**Actuarial Assumptions**	
19	Actuarial assumed rate of investment return[2]	7.35%
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Level Percent
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any[3]	18
22	Is each division within the system closed to new employees?[4]	No
23	**Uniform Assumptions**	
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	$40,378,300
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions[5]	$48,915,708
27	Actuarially Determined Contribution (ADC) using uniform assumptions, Fiscal Year Ending June 30, 2021	$1,044,744

1. The Municipal Employees' Retirement System's investment performance has been provided to GRS from MERS Investment Staff and is included here for reporting purposes. The investment performance figures reported are net of investment expenses on a rolling calendar-year basis for the previous 1-, 5-, and 10-year periods as required under PA 530.
2. Net of administrative and investment expenses.
3. Populated with the longest amortization period remaining in the amortization schedule, across all divisions in the plan. This is when each division and the plan in total is expected to reach 100% funded if all assumptions are met.
4. If all divisions within the employer are closed, "yes." If at least one division is open (including shadow divisions) indicate "no."
5. Line 25 actuarial accrued liability is determined under PA 202 uniform assumptions which differ from the valuation assumptions. In particular, the assumed rate of return for PA 202 purposes is 7.00%.