SECTION A

VALUATION RESULTS

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTIONS FOR THE OTHER POSTEMPLOYMENT BENEFITS FISCAL YEARS ENDING JUNE 30, 2013, JUNE 30, 2014 AND JUNE 30, 2015

Contributions for	Development of the Annual Required Contribution for General	Court	Police/Fire
Total Normal Cost	$2,305,301	$188,154	$2,706,434
Amortization of Unfunded Actuarial Accrued Liabilities (Amortized over 30 years)	$3,896,416	$ 168,511	$4,409,855
Annual Required Contribution (ARC) For Fiscal Year Ending June 30, 2013	$6,201,717	$356,665	$7,116,289
ARC Per Active Participant	$ 58,507	$ 23,778	$ 64,694
Annual Required Contribution (ARC) For Fiscal Year Ending June 30, 2014	$6,270,480	$365,613	$7,264,208
ARC Per Active Participant	$ 59,155	$ 24,374	$ 66,038
Annual Required Contribution (ARC) For Fiscal Year Ending June 30, 2015	$6,461,515	$380,168	$7,555,647
ARC Per Active Participant	$ 60,958	$ 25,345	$ 68,688

The results on this page are calculated under the assumption that the employer funding policy is to contribute only the pay-as-you-go health care premium/claims contributions and have no plan assets. Under this policy the employer should use an investment return assumption similar to that of the general fund earnings. **Therefore, the investment return assumption used to calculate the liabilities shown above is 4.0%.**

The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 30 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with GASB requirements.

DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY AS OF JUNE 30, 2012

	General	Court	Police/Fire
A. Present Value of Future Benefits			
1. Retirees and Beneficiaries	$ 71,474,346	$ 2,282,935	$ 92,605,813
2. Retired Members in Deferral Period	6,269,080	0	0
3. Active Members	42,358,324	4,189,642	55,326,489
Total Present Value of Future Benefits	$ 120,101,750	$ 6,472,577	$ 147,932,302
B. Present Value of Future Employer Normal Costs	$ 13,111,342	$ 1,845,000	$ 26,852,719
C. Present Value of Future Contributions from Current Active Members	$ 0	$ 0	$ 0
D. Actuarial Accrued Liability (A.-B.-C.)	$ 106,990,408	$ 4,627,577	$121,079,583
E. Market Value of Assets	$ 0	$ 0	$ 0
F. Unfunded Actuarial Accrued Liability (D.-E.)	$ 106,990,408	$ 4,627,577	$121,079,583
G. Funded Ratio (E./D.)	0.0%	0.0%	0.0%

The results on this page are calculated under the assumption that the employer funding policy is to contribute only the pay-as-you-go health care premium/claims contributions and have no plan assets. Under this policy the employer should use an investment return assumption similar to that of the general fund earnings. **Therefore, the investment return assumption used to calculate the liabilities shown above is 4.0%.**

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

COMMENTS

COMMENT A: One of the key assumptions used in any valuation of the cost of other post employment benefits (OPEB) is the rate of return on Plan assets. Higher assumed investment returns will result in a lower Annual Required Contribution (ARC). Lower returns will tend to increase the computed ARC. Based on our understanding of the City's funding policy and an absence of Plan assets as of June 30, 2012, we have calculated the liability and the resulting ARC using an assumed long term rate of investment of 4.0%.

COMMENT B: Based on the number of plan members as of this valuation, the plan sponsor is required by GASB to perform actuarial valuations at least biennially. If requested, an annual actuarial valuation would recompute the required contribution rate each year. This would permit fluctuations and trends in experience to be reflected in the contribution amount on a more frequent basis.

COMMENT C: The contribution amounts shown include amortization of the unfunded actuarial accrued liability over 30 years. This is the maximum time period permitted by the Governmental Accounting Standards Board Statement No. 45. A shorter amortization period would result in a higher ARC.

COMMENT D: Actual claims and/or premiums paid on behalf of retirees may be treated as employer contributions in relation to the ARC and act to reduce the Net OPEB Obligation (NOO). For the fiscal years ending June 30, 2013, June 30, 2014 and June 30, 2015, the estimated claims and/or premiums paid by the employer on behalf of retirees are as follows:

	With Implicit Rate			Without Implicit Rate		
	FYE 2013	**FYE 2014**	**FYE 2015**	**FYE 2013**	**FYE 2014**	**FYE 2015**
General	3,644,779	3,997,333	4,271,154	3,212,911	$3,494,083	$3,764,965
Court	95,542	103,861	111,065	80,594	$90,412	102,399
Police/Fire	3,326,045	3,609,814	3,882,505	3,216,739	$3,492,350	3,747,355

COMMENT E: We recommend updating the mortality tables used in the valuation for the General group to a more recent set of assumptions. The current table being used is the 1971 Group Annuity Mortality Table projected to 1984, which contains no margin for future improvement in longevity. If a mortality table is used which projects longer life expectancies, this will result in a higher ARC for the General group. We have reviewed the remaining assumptions for reasonableness and suggest a more thorough review prior to completion of another OPEB valuation.