MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN

ANNUAL ACTUARIAL VALUATION REPORT DECEMBER 31, 2016

WALLED LAKE, CITY OF (6324)

Spring, 2017

Walled Lake, 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 as of December 31, 2016. The report includes the determination of liabilities and contribution rates resulting from the participation of Walled Lake, City of (6324) 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. Walled Lake, City 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	31%	33%

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 - Pblc Wrks	19.39%	21.27%	17.11%	19.61%	$ 3,752	$ 4,115	$ 3,320	$ 3,804
02 - FT Police and Command	106.88%	107.14%	227.01%	227.38%	29,466	29,538	58,331	58,427
05 - Fire	6.75%	9.08%	9.69%	11.24%	808	1,087	2,323	2,695
10 - Clerical	9.29%	10.62%	9.24%	11.39%	942	1,077	774	954
11 - Admn Unit	-	-	-	-	23,965	25,351	20,247	22,095
12 - FT Admin ee's after 7/	6.39%	6.55%	6.45%	6.82%	2,551	2,614	1,474	1,558
Municipality Total					**$ 61,484**	**$ 63,782**	**$ 86,469**	**$ 89,533**

Employee contribution rates reflected in the valuations are shown below:

	Employee Contribution Rate	
Valuation Date:	12/31/2016	12/31/2015
Division		
01 - Pblc Wrks	5.00%	5.00%
02 - FT Police and Command	8.00%	8.00%
05 - Fire	5.00%	5.00%
10 - Clerical	5.00%	5.00%
11 - Admn Unit	5.25%	5.25%
12 - FT Admin ee's after 7/	3.00%	3.00%

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 $ 108,614, instead of $ 63,782.
- To accelerate to a 100% funding ratio in 20 years, estimated monthly employer contributions for the entire employer would be $ 67,422, instead of $ 63,782.

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 29% (instead of 31%); and ii) your total employer contribution requirement for the fiscal year starting July 1, 2018 would be $ 789,948 (instead of $ 765,384).

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	$ 18,327,067	$ 16,261,335	$ 14,547,139	$ 13,126,966
Valuation Assets	$ 4,484,174	$ 4,484,174	$ 4,484,174	$ 4,484,174
Unfunded Accrued Liability	$ 13,842,893	$ 11,777,161	$ 10,062,965	$ 8,642,792
Funded Ratio	25%	28%	31%	34%
Monthly Normal Cost	$ 14,863	$ 10,536	$ 7,291	$ 4,840
Monthly Amortization Payment	$ 65,778	$ 61,125	$ 56,491	$ 52,375
Total Employer Contribution[1]	$ 80,641	$ 71,661	$ 63,782	$ 57,215

[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

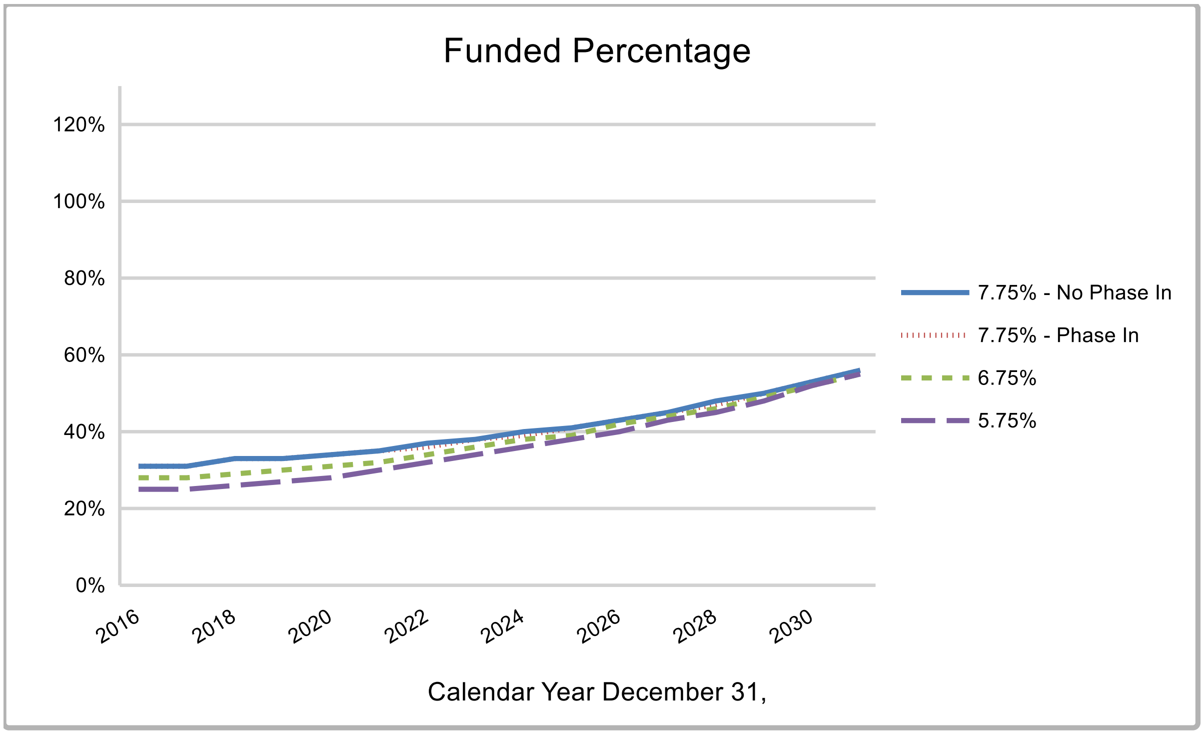
The next two pages show projections of the plan's funded ratio and computed employer contributions under the actuarial assumptions used in the valuation and alternate assumed long-term investment return scenarios. All four projections take into account the past investment losses that will continue to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

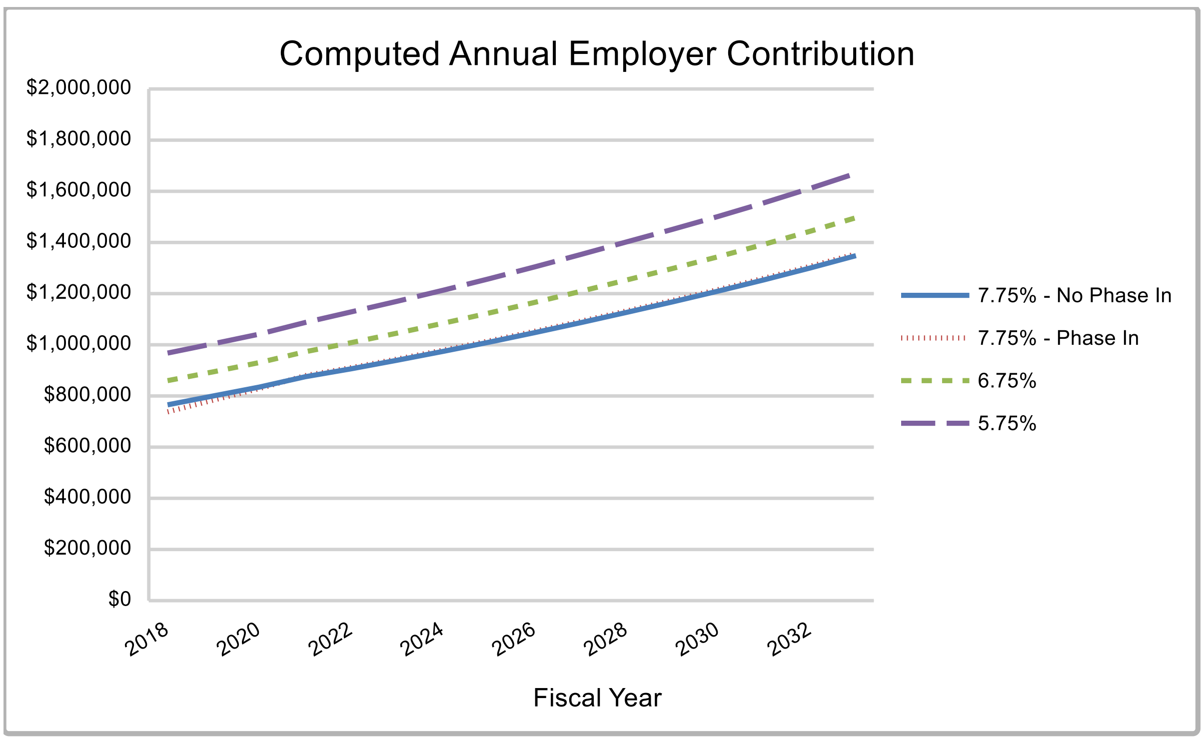
- Based on the phase-in over 5 fiscal years (beginning in 2017) of the increased contribution requirements associated with the new actuarial assumptions. This projects your minimum required contribution.
- Based on no phase-in of the increased contribution requirements.

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	$ 14,547,139	$ 4,484,174	31%	$ 737,808
2017	2019	14,900,000	4,670,000	31%	784,000
2018	2020	15,200,000	4,970,000	33%	829,000
2019	2021	15,600,000	5,090,000	33%	879,000
2020	2022	15,900,000	5,370,000	34%	911,000
2021	2023	16,200,000	5,660,000	35%	944,000
NO 5-YEAR PHASE-IN					
2016	2018	$ 14,547,139	$ 4,484,174	31%	$ 765,384
2017	2019	14,900,000	4,670,000	31%	800,000
2018	2020	15,200,000	4,980,000	33%	835,000
2019	2021	15,600,000	5,130,000	33%	875,000
2020	2022	15,900,000	5,420,000	34%	906,000
2021	2023	16,200,000	5,720,000	35%	940,000
6.75% Assumed Interest Discount Rate and Future Annual Market Rate of Return					
NO 5-YEAR PHASE-IN					
2016	2018	$ 16,261,335	$ 4,484,174	28%	$ 859,932
2017	2019	16,600,000	4,620,000	28%	895,000
2018	2020	17,000,000	4,940,000	29%	931,000
2019	2021	17,300,000	5,130,000	30%	973,000
2020	2022	17,700,000	5,470,000	31%	1,010,000
2021	2023	18,000,000	5,830,000	32%	1,050,000
5.75% Assumed Interest Discount Rate and Future Annual Market Rate of Return					
NO 5-YEAR PHASE-IN					
2016	2018	$ 18,327,067	$ 4,484,174	25%	$ 967,692
2017	2019	18,700,000	4,580,000	25%	1,000,000
2018	2020	19,000,000	4,910,000	26%	1,040,000
2019	2021	19,400,000	5,160,000	27%	1,090,000
2020	2022	19,800,000	5,570,000	28%	1,130,000
2021	2023	20,100,000	5,990,000	30%	1,170,000


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
$2,000,000
$1,800,000
$1,600,000
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$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 - Pblc Wrks	3.60%	17.67%	21.27%	19.39%			5.00%	0.91%
02 - FT Police and Comm	2.40%	104.74%	107.14%	106.88%			8.00%	0.83%
05 - Fire	3.41%	5.67%	9.08%	6.75%			5.00%	0.87%
10 - Clerical	3.43%	7.19%	10.62%	9.29%			5.00%	0.90%
11 - Admn Unit	-	-	-	-	45.99%	43.60%	5.25%	
12 - FT Admin ee's afte	6.24%	0.31%	6.55%	6.39%	45.99%	43.60%	3.00%	0.90%
Estimated Monthly Contribution[3]								
01 - Pblc Wrks	$ 697	$ 3,418	$ 4,115	$ 3,752				
02 - FT Police and Comm	662	28,876	29,538	29,466				
05 - Fire	408	679	1,087	808				
10 - Clerical	348	729	1,077	942				
11 - Admn Unit	2,685	22,666	25,351	23,965				
12 - FT Admin ee's afte	2,491	123	2,614	2,551				
Total Municipality	**$ 7,291**	**$ 56,491**	**$ 63,782**	**$ 61,484**				
Estimated Annual Contribution[3]	**$ 87,492**	**$ 677,892**	**$ 765,384**	**$ 737,808**				

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 - Pblc Wrks: Open Division

	2016 Valuation	2015 Valuation
Benefit Multiplier:	Bridged Benefit: 2.25% Multiplier (80% max) Frozen FAC; to 1.70% Multiplier (no max)	Bridged Benefit: 2.25% Multiplier (80% max) Frozen FAC; to 1.70% Multiplier (no max)
Bridged Benefit Date:	08/31/2013	08/31/2013
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/20	55/20
Early Retirement (Reduced):	50/25 55/15	50/25 55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	5%	5%
Act 88:	Yes (Adopted 10/16/2001)	Yes (Adopted 10/16/2001)

02 - FT Police and Command: Open Division

	2016 Valuation	2015 Valuation
Benefit Multiplier:	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; to 1.90% Multiplier (80% max)	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; to 1.90% Multiplier (80% max)
Bridged Benefit Date:	09/30/2013	09/30/2013
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:	8%	8%
D-2:	D-2 (25%)	D-2 (25%)
Act 88:	Yes (Adopted 10/16/2001)	Yes (Adopted 10/16/2001)

Table 2 (continued)

05 - Fire: Open Division

	2016 Valuation	2015 Valuation
Benefit Multiplier:	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; to 1.70% Multiplier (no max)	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; to 1.70% Multiplier (no max)
Bridged Benefit Date:	08/31/2013	08/31/2013
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%
D-2:	D-2 (25%)	D-2 (25%)
Act 88:	Yes (Adopted 10/16/2001)	Yes (Adopted 10/16/2001)

10 - Clerical: Open Division

	2016 Valuation	2015 Valuation
Benefit Multiplier:	Bridged Benefit: 2.25% Multiplier (80% max) Frozen FAC; to 1.70% Multiplier (no max)	Bridged Benefit: 2.25% Multiplier (80% max) Frozen FAC; to 1.70% Multiplier (no max)
Bridged Benefit Date:	08/31/2013	08/31/2013
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25 55/15	50/25 55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	5%	5%
Act 88:	Yes (Adopted 10/16/2001)	Yes (Adopted 10/16/2001)

11 - Admn Unit: Closed to new hires, linked to Division 12

	2016 Valuation	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	50/25	50/25
Early Retirement (Reduced):	55/15	55/15
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions:	5.25%	5.25%
Act 88:	Yes (Adopted 10/16/2001)	Yes (Adopted 10/16/2001)

Table 2 (continued)

12 - FT Admin ee's after 7/1/2013: Open Division, linked to Division 11

	2016 Valuation	**2015 Valuation**
Benefit Multiplier:	1.50% Multiplier (no max)	1.50% Multiplier (no max)
Normal Retirement Age:	60	60
Vesting:	3 years	3 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
COLA for Future Retirees:	1% (Non-Compound)	1% (Non-Compound)
Employee Contributions:	3%	3%
Act 88:	Yes (Adopted 10/16/2001)	Yes (Adopted 10/16/2001)

Participant Summary

Table 3

Division	2016 Valuation Number	2016 Valuation Annual Payroll[1]	2015 Valuation Number	2015 Valuation Annual Payroll[1]	2016 Valuation Average Age	2016 Valuation Average Benefit Service[2]	2016 Valuation Average Eligibility Service[2]
01 - Pblc Wrks							
Active Employees	4	$ 211,727	4	$ 212,288	44.4	21.0	21.5
Vested Former Employees	0	0	0	0	0.0	0.0	0.0
Retirees and Beneficiaries	4	91,544	4	91,544	64.5		
02 - FT Police and Comman							
Active Employees	5	$ 301,679	5	$ 281,188	47.4	16.8	17.2
Vested Former Employees	4	79,563	4	79,563	47.0	10.9	12.9
Retirees and Beneficiaries	16	486,521	16	484,164	69.5		
05 - Fire							
Active Employees	2	$ 130,989	4	$ 262,344	46.1	18.4	18.4
Vested Former Employees	1	28,425	0	0	38.0	15.9	15.9
Retirees and Beneficiaries	0	0	0	0	0.0		
10 - Clerical							
Active Employees	2	$ 111,011	2	$ 91,700	51.9	16.4	16.4
Vested Former Employees	2	20,700	4	23,467	38.5	10.1	11.8
Retirees and Beneficiaries	4	30,773	2	28,294	67.8		
11 - Admn Unit							
Active Employees	3	$ 334,196	2	$ 300,978	51.8	17.1	17.1
Vested Former Employees	4	88,201	4	88,201	49.6	12.5	16.1
Retirees and Beneficiaries	8	270,072	8	266,172	67.3		
12 - FT Admin ee's after							
Active Employees	5	$ 331,088	3	$ 187,858	38.5	2.3	2.3
Vested Former Employees	1	1,158	1	1,158	32.9	1.5	3.3
Retirees and Beneficiaries	0	0	0	0	0.0		
Total Municipality							
Active Employees	**21**	**$ 1,420,690**	**20**	**$ 1,336,356**	**45.6**	**14.3**	**14.5**
Vested Former Employees	**12**	**218,047**	**13**	**192,389**	**44.5**	**10.9**	**13.2**
Retirees and Beneficiaries	**32**	**878,910**	**30**	**870,174**	**68.1**		
Total Participants	**65**		**63**				

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 - Pblc Wrks	$ 743,341	$ 202,699	$ 709,986	$ 190,494
02 - FT Police and Command	441,972	456,458	569,431	428,680
05 - Fire	117,651	178,594	264,708	244,978
10 - Clerical	319,144	105,967	293,200	105,170
11 - Admn Unit	1,159,619	352,361	900,537	257,299
12 - FT Admin ee's after 7/1/2013	62,119	23,287	43,751	16,425
Municipality Total	**$ 2,843,846**	**$ 1,319,366**	**$ 2,781,613**	**$ 1,243,046**
Combined Reserves	**$ 4,163,212**		**$ 4,024,659**	

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	$ 435,539		$ 121,239	$ 241,101	$ (429,697)	$ 0	$ 0	$ 3,364,957
2007	488,270		125,766	269,017	(448,732)	(16,720)	47,069	3,829,627
2008	502,245		124,515	222,580	(474,339)	(147)	0	4,204,481
2009	491,076		122,421	251,187	(506,045)	(25,446)	0	4,537,674
2010	379,859		102,789	238,738	(561,809)	(7,964)	0	4,689,287
2011	472,250	$ 0	105,210	236,967	(636,237)	(19,175)	0	4,848,302
2012	473,117	0	92,400	186,905	(730,607)	0	0	4,870,117
2013	452,131	4,198	81,476	272,455	(756,752)	(8,740)	0	4,914,885
2014	352,649	0	61,854	252,496	(808,774)	(63,911)	(2)	4,709,197
2015	385,001	0	72,984	210,774	(846,034)	(29,962)	67,565	4,569,525
2016	512,897	0	71,495	203,384	(873,127)	0	0	4,484,174

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 - Pblc Wrks				
Active Employees	$ 580,808	$ 198,018	34.1%	$ 382,790
Vested Former Employees	0	0	0.0%	0
Retirees And Beneficiaries	1,017,299	816,276	80.2%	201,023
Pending Refunds	4,681	4,681	100.0%	0
Total	**$ 1,602,788**	**$ 1,018,975**	**63.6%**	**$ 583,813**
02 - FT Police and Command				
Active Employees	$ 963,501	$ 298,545	31.0%	$ 664,956
Vested Former Employees	333,316	135,604	40.7%	197,712
Retirees And Beneficiaries	4,996,596	511,236	10.2%	4,485,360
Pending Refunds	22,309	22,309	100.0%	0
Total	**$ 6,315,722**	**$ 967,694**	**15.3%**	**$ 5,348,028**
05 - Fire				
Active Employees	$ 393,584	$ 262,310	66.6%	$ 131,274
Vested Former Employees	56,774	56,774	100.0%	0
Retirees And Beneficiaries	0	0	0.0%	0
Pending Refunds	0	0	0.0%	0
Total	**$ 450,358**	**$ 319,084**	**70.9%**	**$ 131,274**
10 - Clerical				
Active Employees	$ 245,289	$ 120,602	49.2%	$ 124,687
Vested Former Employees	47,608	47,608	100.0%	0
Retirees And Beneficiaries	285,919	285,919	100.0%	0
Pending Refunds	3,756	3,756	100.0%	0
Total	**$ 582,572**	**$ 457,885**	**78.6%**	**$ 124,687**
11 - Admn Unit				
Active Employees	$ 1,440,322	$ 157,978	11.0%	$ 1,282,344
Vested Former Employees	605,628	152,635	25.2%	452,993
Retirees And Beneficiaries	3,417,914	1,297,262	38.0%	2,120,652
Pending Refunds	20,671	20,671	100.0%	0
Total	**$ 5,484,535**	**$ 1,628,546**	**29.7%**	**$ 3,855,989**
12 - FT Admin ee's after 7/1/2013				
Active Employees	$ 104,824	$ 85,650	81.7%	$ 19,174
Vested Former Employees	2,304	2,304	100.0%	0
Retirees And Beneficiaries	0	0	0.0%	0
Pending Refunds	4,036	4,036	100.0%	0
Total	**$ 111,164**	**$ 91,990**	**82.8%**	**$ 19,174**

Table 6 (continued)

Division	Actuarial Accrued Liability	Valuation Assets[1]	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
Total Municipality				
Active Employees	**$ 3,728,328**	**$ 1,123,103**	**30.1%**	**$ 2,605,225**
Vested Former Employees	**1,045,630**	**394,925**	**37.8%**	**650,705**
Retirees and Beneficiaries	**9,717,728**	**2,910,693**	**30.0%**	**6,807,035**
Pending Refunds	**55,453**	**55,453**	**100.0%**	**0**
Total Participants	**$ 14,547,139**	**$ 4,484,174**	**30.8%**	**$ 10,062,965**
The following results show the combined accrued liabilities and assets for each set of linked divisions. These results are already included in the table above.				
Linked Divisions 12, 11				
Active Employees	$ 1,545,146	$ 243,628	15.8%	$ 1,301,518
Vested Former Employees	607,932	154,939	25.5%	452,993
Retirees and Beneficiaries	3,417,914	1,297,262	38.0%	2,120,652
Pending Refunds	24,707	24,707	100.0%	0
Total	**$ 5,595,699**	**$ 1,720,536**	**30.7%**	**$ 3,875,163**

[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	$ 6,845,619	$ 2,052,333	30%	$ 4,793,286
2003	7,356,494	2,377,680	32%	4,978,814
2004	7,622,313	2,667,445	35%	4,954,868
2005	9,593,477	2,996,775	31%	6,596,702
2006	10,095,789	3,364,957	33%	6,730,832
2007	10,729,701	3,829,627	36%	6,900,074
2008	11,315,544	4,204,481	37%	7,111,063
2009	11,771,007	4,537,674	39%	7,233,333
2010	11,966,601	4,689,287	39%	7,277,314
2011	12,677,526	4,848,302	38%	7,829,224
2012	13,099,306	4,870,117	37%	8,229,189
2013	12,267,691	4,914,885	40%	7,352,806
2014	12,762,525	4,709,197	37%	8,053,328
2015	14,028,993	4,569,525	33%	9,459,468
2016	14,547,139	4,484,174	31%	10,062,965

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

Division 01 - Pblc Wrks

Table 8-01: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2006	$ 1,254,183	$ 604,403	48%	$ 649,780
2007	1,420,420	679,629	48%	740,791
2008	1,188,411	718,134	60%	470,277
2009	1,268,605	804,102	63%	464,503
2010	1,304,133	888,721	68%	415,412
2011	1,343,739	965,293	72%	378,446
2012	1,458,864	1,014,082	70%	444,782
2013	1,398,094	1,041,336	75%	356,758
2014	1,439,777	1,032,533	72%	407,244
2015	1,557,223	1,022,389	66%	534,834
2016	1,602,788	1,018,975	64%	583,813

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

Table 9-01: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution[1]	Employee Contribution Rate[2]
	Number	Annual Payroll		
2006	7	$ 331,477	14.46%	4.70%
2007	6	299,339	17.39%	4.70%
2008	6	321,938	12.40%	4.70%
2009	6	344,248	12.34%	4.70%
2010	6	336,311	11.90%	4.70%
2011	6	342,379	11.56%	4.70%
2012	5	286,326	15.10%	4.70%
2013	4	223,089	12.90%	5.00%
2014	4	220,452	14.49%	5.00%
2015	4	212,288	19.61%	5.00%
2016	4	211,727	21.27%	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 39 for past benefit provision changes.

Division 02 - FT Police and Command

Table 8-02: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2006	$ 2,826,742	$ 936,641	33%	$ 1,890,101
2007	2,931,562	1,100,874	38%	1,830,688
2008	3,259,038	1,295,934	40%	1,963,104
2009	3,500,653	1,506,973	43%	1,993,680
2010	3,901,086	1,807,076	46%	2,094,010
2011	4,083,493	1,923,857	47%	2,159,636
2012	4,268,419	2,048,389	48%	2,220,030
2013	2,970,234	1,734,072	58%	1,236,162
2014	5,908,094	1,421,726	24%	4,486,368
2015	6,248,945	1,133,237	18%	5,115,708
2016	6,315,722	967,694	15%	5,348,028

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	19	$ 1,079,328	13.99%	5.25%
2007	18	1,072,955	13.68%	5.25%
2008	18	1,143,761	14.69%	5.25%
2009	15	1,113,476	15.81%	5.25%
2010	16	1,195,329	15.64%	5.25%
2011	14	1,037,423	17.99%	5.25%
2012	14	1,018,735	19.73%	5.25%
2013	6	349,349	23.87%	8.00%
2014	4	264,859	109.51%	8.00%
2015	5	281,188	227.38%	8.00%
2016	5	301,679	107.14%	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 12/31/2019 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 39 for past benefit provision changes.

Division 05 - Fire

Table 8-05: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2013	$ 668,275	$ 458,224	69%	$ 210,051
2014	751,151	516,005	69%	235,146
2015	904,720	578,688	64%	326,032
2016	450,358	319,084	71%	131,274

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

Table 9-05: Computed Employer Contributions - Comparative Schedule

Valuation Date	Active Employees		Computed Employer	Employee Contribution
December 31	Number	Annual Payroll	Contribution[1]	Rate[2]
2013	4	$ 269,466	7.88%	5.00%
2014	4	273,304	8.37%	5.00%
2015	4	262,344	11.24%	5.00%
2016	2	130,989	9.08%	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 39 for past benefit provision changes.

Division 10 - Clerical

Table 8-10: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2006	$ 267,514	$ 303,867	114%	$ (36,353)
2007	420,542	352,402	84%	68,140
2008	492,925	359,406	73%	133,519
2009	509,605	361,587	71%	148,018
2010	534,508	376,861	71%	157,647
2011	568,434	394,666	69%	173,768
2012	610,052	425,576	70%	184,476
2013	514,519	449,176	87%	65,343
2014	522,394	448,919	86%	73,475
2015	564,443	452,302	80%	112,141
2016	582,572	457,885	79%	124,687

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	4	$ 158,518	2.14%	4.50%
2007	5	200,604	7.18%	4.50%
2008	4	168,371	9.76%	4.50%
2009	4	178,974	9.95%	4.50%
2010	4	183,136	10.08%	4.50%
2011	6	261,314	9.14%	4.50%
2012	5	228,318	10.44%	4.50%
2013	2	96,969	7.14%	5.00%
2014	2	86,590	8.45%	5.00%
2015	2	91,700	11.39%	5.00%
2016	2	111,011	10.62%	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 39 for past benefit provision changes.

Division 11 - Admn Unit

Table 8-11: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2006	$ 2,824,411	$ 959,141	34%	$ 1,865,270
2007	2,967,544	1,170,875	39%	1,796,669
2008	3,303,822	1,328,963	40%	1,974,859
2009	3,377,751	1,403,444	42%	1,974,307
2010	3,469,755	1,386,496	40%	2,083,259
2011	3,835,308	1,436,466	38%	2,398,842
2012	3,982,528	1,336,212	34%	2,646,316
2013	4,019,879	1,280,249	32%	2,739,630
2014	4,115,214	1,268,668	31%	2,846,546
2015	4,675,294	1,314,586	28%	3,360,708
2016	5,484,535	1,628,546	30%	3,855,989

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

Table 9-11: Computed Employer Contributions - Comparative Schedule

Valuation Date December 31	Active Employees		Computed Employer Contribution[1]	Employee Contribution Rate[2]
	Number	Annual Payroll		
2006	9	$ 567,648	25.76%	5.25%
2007	9	591,791	24.31%	5.25%
2008	6	395,723	36.30%	5.25%
2009	4	293,551	45.80%	5.25%
2010	4	275,881	49.68%	5.25%
2011	3	215,040	71.45%	5.25%
2012	3	221,190	82.01%	5.25%
2013	2	135,897	$ 15,353	5.25%
2014	2	141,376	$ 16,346	5.25%
2015	2	300,978	$ 22,095	5.25%
2016	3	334,196	$ 25,351	5.25%

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 39 for past benefit provision changes.

Division 12 - FT Admin ee's after 7/1/2013

Table 8-12: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2013	$ 5,153	$ 8,018	156%	$ (2,865)
2014	25,895	21,346	82%	4,549
2015	78,368	68,323	87%	10,045
2016	111,164	91,990	83%	19,174

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

Table 9-12: Computed Employer Contributions - Comparative Schedule

Valuation Date	Active Employees		Computed Employer	Employee Contribution
December 31	Number	Annual Payroll	Contribution[1]	Rate[2]
2013	3	$ 98,108	4.22%	3.00%
2014	4	210,727	5.66%	3.00%
2015	3	187,858	6.82%	3.00%
2016	5	331,088	6.55%	3.00%

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 39 for past benefit provision changes.

Division 01 - Pblc Wrks

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	$	534,834	23	$	566,839	22	$	38,652
Gain/Loss	12/31/2016		31,062	22		34,742	22		2,364
Total					**$**	**601,581**		**$**	**41,016**

* 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 - FT Police and Command

Table 10-02: Layered Amortization Schedule

				Amounts for Fiscal Year Beginning 7/1/2018		
Type of UAL	Date Established	Original Balance	Original Amortiza-tion Period**	Outstanding UAL Balance*	Amortiza-tion Period**	Amortization Payment
Initial	12/31/2015	$ 5,115,708	23	$ 5,056,054	22	$ 344,796
Gain/Loss	12/31/2016	22,432	22	25,090	22	1,716
Total				**$ 5,081,144**		**$ 346,512**

* 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 05 - Fire

Table 10-05: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance	Original Amortiza-tion Period**	Amounts for Fiscal Year Beginning 7/1/2018 Outstanding UAL Balance*	Amortiza-tion Period**	Amortization Payment
Initial	12/31/2015	$ 326,032	23	$ 346,515	22	$ 23,628
Gain/Loss	12/31/2016	(202,918)	22	(226,958)	22	(15,480)
Total				**$ 119,557**		**$ 8,148**

* 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 - Clerical

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	$ 112,141	23	$ 119,746	22	$ 8,172
Gain/Loss	12/31/2016	7,562	22	8,458	22	576
Total				**$ 128,204**		**$ 8,748**

* 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 11 - Admn Unit

Table 10-11: Layered Amortization Schedule

Type of UAL	Date Established		Original Balance	Original Amortiza-tion Period**	Amounts for Fiscal Year Beginning 7/1/2018				
						Outstanding UAL Balance*	Amortiza-tion Period**		Amortization Payment
Initial	12/31/2015	$	3,360,708	23	$	3,543,279	22	$	241,632
Gain/Loss	12/31/2016		398,038	22		445,195	22		30,360
Total					**$**	**3,988,474**		**$**	**271,992**

* 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 12 - FT Admin ee's after 7/1/2013

Table 10-12: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance	Original Amortiza-tion Period**	Amounts for Fiscal Year Beginning 7/1/2018: Outstanding UAL Balance*	Amortiza-tion Period**	Amortization Payment
Initial	12/31/2015	$ 10,045	23	$ 15,842	22	$ 1,080
Gain/Loss	12/31/2016	5,120	22	5,727	22	396
Total				**$ 21,569**		**$ 1,476**

* 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:	32
Inactive employees entitled to but not yet receiving benefits:	12
Active employees:	21
	65

Total Pension Liability as of 12/31/2015 measurement date:	$	13,653,759
Total Pension Liability as of 12/31/2016 measurement date:	$	14,166,917
Service Cost for the year ending on the 12/31/2016 measurement date:	$	152,357

Change in the Total Pension Liability due to:

- Benefit changes[1]:	$	0
- Differences between expected and actual experience[2]:	$	170,459
- 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):		3
Covered employee payroll: (Needed for Required Supplementary Information)	$	1,420,690

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:	$ 1,634,995	-	$ (1,358,497)

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 - Pblc Wrks

12/1/2016	Service Credit Purchase Estimates - Yes
9/1/2013	Day of work defined as 170 Hours a Month for All employees.
9/1/2013	Non Standard Compensation Definition
9/1/2013	Exclude Temporary Employees requiring less than 12 months
9/1/2013	Benefit B-1
9/1/2013	Member Contribution Rate 5.00%
8/31/2013	Frozen FAC
12/16/2003	Blanket Resolution (All Service)
10/16/2001	Covered by Act 88
10/16/2001	Day of work defined as 150 Hours a Month for All employees.
9/1/1999	Temporary 20 Years & Out (09/01/1999 - 02/03/2000)
9/1/1999	Temporary Benefit FAC-3 (3 Year Final Average Compensation) (09/01/1999 - 02/03/2000)
9/1/1999	Temporary Benefit B-4 (80% max) (09/01/1999 - 02/03/2000)
7/1/1995	Benefit B-3 (80% max)
7/1/1995	Benefit F55 (With 20 Years of Service)
7/1/1995	Member Contribution Rate 4.70%
7/1/1992	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1992	10 Year Vesting
7/1/1992	Benefit C-1 (New)
7/1/1992	Member Contribution Rate 0.00%
7/1/1992	Fiscal Month - July

02 - FT Police and Command

12/1/2016	Service Credit Purchase Estimates - Yes
10/1/2013	Day of work defined as 170 Hours a Month for All employees.
10/1/2013	Non Standard Compensation Definition
10/1/2013	Exclude Temporary Employees requiring less than 12 months
10/1/2013	1.9% multiplier (80% max)
10/1/2013	Member Contribution Rate 8.00%
9/30/2013	Frozen FAC
6/1/2005	Benefit D2 Plan
6/1/2005	Benefit FAC-3 (3 Year Final Average Compensation)
6/1/2005	Benefit B-4 (80% max)
6/1/2005	Member Contribution Rate 5.25%
3/1/2002	Temporary 24 Years & Out (03/01/2002 - 06/03/2002)
10/16/2001	Blanket Resolution (All Service)
10/16/2001	Covered by Act 88
10/16/2001	Day of work defined as 150 Hours a Month for All employees.
9/1/1999	Temporary 20 Years & Out (09/01/1999 - 02/03/2000)
9/1/1999	Temporary Benefit FAC-3 (3 Year Final Average Compensation) (09/01/1999 - 02/03/2000)

02 - FT Police and Command

9/1/1999	Temporary Benefit B-4 (80% max) (09/01/1999 - 02/03/2000)
7/1/1995	Benefit B-3 (80% max)
7/1/1995	Member Contribution Rate 4.50%
7/1/1992	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1992	10 Year Vesting
7/1/1992	Benefit B-1
7/1/1992	Benefit F55 (With 25 Years of Service)
7/1/1992	Fiscal Month - July

05 - Fire

12/1/2016	Service Credit Purchase Estimates - Yes
9/1/2013	Day of work defined as 170 Hours a Month for All employees.
9/1/2013	Non Standard Compensation Definition
9/1/2013	Benefit B-1
9/1/2013	Member Contribution Rate 5.00%
8/31/2013	Frozen FAC
8/1/2013	Benefit D2 Plan
8/1/2013	Benefit FAC-3 (3 Year Final Average Compensation)
8/1/2013	Exclude Temporary Employees requiring less than 12 months
8/1/2013	10 Year Vesting
8/1/2013	Benefit B-4 (80% max)
8/1/2013	Benefit F55 (With 25 Years of Service)
8/1/2013	Member Contribution Rate 5.25%
10/16/2001	Covered by Act 88
7/1/1992	Fiscal Month - July

10 - Clerical

12/1/2016	Service Credit Purchase Estimates - Yes
9/1/2013	Benefit B-1
9/1/2013	Member Contribution Rate 5.00%
9/1/2013	Day of work defined as 170 Hours a Month for All employees.
9/1/2013	Non Standard Compensation Definition
9/1/2013	Exclude Temporary Employees requiring less than 12 months
8/31/2013	Frozen FAC
12/16/2003	Blanket Resolution (All Service)
10/16/2001	Covered by Act 88
10/16/2001	Day of work defined as 150 Hours a Month for All employees.
4/1/1997	Benefit B-3 (80% max)
4/1/1997	Benefit F55 (With 25 Years of Service)
4/1/1997	Member Contribution Rate 4.50%
11/1/1994	6 Year Vesting
1/1/1994	Benefit C-1 (New)
1/1/1994	Member Contribution Rate 0.00%
1/1/1994	Benefit FAC-5 (5 Year Final Average Compensation)
1/1/1994	10 Year Vesting

10 - Clerical

7/1/1992	Fiscal Month - July

11 - Admn Unit

12/1/2016	Service Credit Purchase Estimates - Yes
1/1/2006	E2 2.5% COLA for future retirees (06/01/2005)
6/1/2005	Benefit FAC-3 (3 Year Final Average Compensation)
6/1/2005	Benefit B-4 (80% max)
6/1/2005	Benefit F50 (With 25 Years of Service)
6/1/2005	Member Contribution Rate 5.25%
12/16/2003	Blanket Resolution (All Service)
10/16/2001	Covered by Act 88
10/16/2001	Day of work defined as 150 Hours a Month for All employees.
10/1/1995	Benefit FAC-5 (5 Year Final Average Compensation)
10/1/1995	6 Year Vesting
10/1/1995	Benefit B-3 (80% max)
10/1/1995	Benefit F55 (With 25 Years of Service)
10/1/1995	Member Contribution Rate 4.50%
7/1/1992	Fiscal Month - July

12 - FT Admin ee's after 7/1/2013

12/1/2016	Service Credit Purchase Estimates - Yes
7/1/2013	Day of work defined as 170 Hours a Month for All employees.
7/1/2013	Benefit FAC-3 (3 Year Final Average Compensation)
7/1/2013	Non Standard Compensation Definition
7/1/2013	Exclude Temporary Employees requiring less than 12 months
7/1/2013	3 Year Vesting
7/1/2013	Benefit C-1 (New)
7/1/2013	Benefit F55 (With 25 Years of Service)
7/1/2013	Member Contribution Rate 3.00%
7/1/2013	E2 1% COLA for future retirees
10/16/2001	Covered by Act 88
7/1/1992	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	4.00%

Withdrawal Rate Scaling Factor

Division	Withdrawal Rate Scaling Factor
All Divisions	100%

Miscellaneous and Technical Assumptions

Loads – None.