Gabriel Roeder Smith & Company
Consultants & Actuaries

CITY OF WYOMING RETIREE HEALTH CARE PLAN

ACTUARIAL VALUATION REPORT

AS OF JUNE 30, 2009

TABLE OF CONTENTS

TABLE OF CONTENTS (CONCLUDED)

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January 5, 2010

Mr. Tim Smith
Finance Director
City of Wyoming
1155 28th Street, S.W.
Wyoming, Michigan 49509

Dear Mr. Smith:

Submitted in this report are the results of an Actuarial Valuation of the assets and benefit values associated with, and a systematic program of contributions to fund for, the employer financed retiree health benefits provided by the City of Wyoming Retiree Health Care Plan.

The purpose of this valuation is to calculate the Annual Required Contribution amount related to Other Postemployment Benefits (OPEB) expenses for Governmental Accounting Standards Board (GASB) Statements No. 43 and No. 45 reporting.

The valuation was based upon information, furnished by the City of Wyoming, concerning retiree health benefits, individual employees, and finances. Data was checked for internal consistency, but was not otherwise audited.

One or more 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 herein.

To the best of our knowledge, this report is complete and accurate and was made in accordance with generally recognized actuarial methods. In our judgment, the actuarial assumptions used for the valuation are, individually and in the aggregate, reasonable.

Respectfully submitted,

Brad L. Armstrong, ASA, MAAA

Brian Morris, FSA, MAAA

Randall J. Dziubek, ASA, MAAA

BLA:mrb

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Annual Required Contribution

This report presents the annual expense required to be recognized by the plan sponsor for purposes of complying with the accounting requirements of the Governmental Accounting Standards Board (GASB) Statement No. 43.

The Annual Required Contribution (ARC) for the fiscal year beginning July 1, 2008 is $4,699,046 provided that the City intends to fully fund the OPEB. The ARC for the year beginning July 1, 2009 is $4,802,838. Under GASB Statement No. 45, the annual OPEB cost required to be disclosed on the employer's financial statements is equal to the ARC. Actual claims and premiums including the effect of the implicit rate subsidy paid on behalf of retirees may be treated as employer contributions in relation to the ARC and also act to reduce the Net OPEB Obligation (NOO) described below under Additional OPEB Reporting Requirements. If these retiree claims/premiums are paid from the established funding vehicles, they generally cannot be treated as contributions towards the ARC. The expected employer retiree health care claims and premium amounts paid during the fiscal year beginning July 1, 2009 are estimated to be $2,080,475. These amounts reflect the employer portion of the retiree only premium rates and the implicit subsidy for retirees and covered spouses. Thus, if the City paid the employer retiree health care premium amounts directly and contributed $2,722,363 ($4,802,838 - $2,080,475) to the Plan, this would meet the ARC for FY 2010.

For additional details, please see Section B of the report.

Additional OPEB Reporting Requirements

In addition to the ARC described above, employers will have to disclose a NOO. The current NOO is the cumulative difference between annual OPEB cost (ARC plus amortization of the prior NOO) and annual employer contributions in relation to the ARC, accumulated with interest from the implementation of GASB Statement No. 43. The NOO is zero as of the beginning of the fiscal year that GASB Statement No. 43 is implemented, unless the employer chooses to recognize a beginning balance. Since we believe that the ARC has been met since implementation, the NOO remains zero as of the valuation date. The ARC and the NOO are strongly influenced by the employers' commitment to pre-funding future cash flows, i.e., the degree to which the City contributes amounts to the Retiree Health Care Program to meet the ARC.

The requirements for determining the employer's contributions in relation to the ARC are described in paragraph 13 g. of GASB Statement No. 45. Additional information required to be disclosed in the employer's financial statements is detailed in paragraphs 24 through 27 of GASB Statement No. 45.

Liabilities and Assets

Once again assuming full pre-funding, the present value of all benefits expected to be paid to current plan members as of June 30, 2009 is $74,462,366. The actuarial accrued liability, which is the portion of the $74,462,366 attributable to service accrued by plan members as of June 30, 2009, is $59,833,462. The assets currently set aside for GASB OPEB purposes as of June 30, 2009 are $12,060,557. The OPEB liabilities are currently 20.2% funded.

SECTION A

VALUATION RESULTS AND COMMENTS

COMPUTATION OF THE ANNUAL REQUIRED CONTRIBUTION (ARC) FOR THE FISCAL YEAR BEGINNING JULY 1, 2008

	Annual Required Contribution Expressed as Percents of Payroll			
Annual Required Contributions for	**Fire**	**General**	**Police**	**Total**
Normal Cost				
Age & Service Benefits	6.49%	5.16%	4.98%	4.99%
Death and Disability Benefits	0.58%	1.19%	0.51%	0.95%
Termination Benefits				
Vested Age & Service Benefits	0.46%	1.16%	0.40%	0.89%
Total Normal Cost	7.53%	7.51%	5.89%	6.83%
Unfunded Actuarial Accrued Liabilities (Amortized over 30 years)	12.31%	14.98%	12.67%	14.16%
Total Annual Required Contribution (ARC)	19.84%	22.49%	18.56%	20.99%
Projected Payroll for the fiscal year beginning 7/1/2008	$1,978,099	$14,527,025	$5,600,556	$22,105,680
Annual Required Contribution based on projected pays	$ 392,455	$ 3,267,128	$1,039,463	$ 4,699,046
Total Annual Required Contribution (ARC)	19.84%	22.49%	18.56%	20.99%
Projected Payroll for the fiscal year beginning 7/1/2009	$2,067,113	$14,817,566	$5,712,567	$22,597,246
Annual Required Contribution based on projected pays	$ 410,115	$ 3,332,470	$1,060,252	$ 4,802,838

The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 30 years. Wage growth was assumed to be 4.5 % annually for Fire and 2.0% annually for General and Police. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB accounting requirements.

The assumptions underlying the liabilities shown above include the health care trend rates shown on page E-3.

DETERMINATION OF UNFUNDED ACCRUED LIABILITY
AS OF JUNE 30, 2009

	Fire	General	Police	Total
A. Actuarial Accrued Liability:				
1. For retirees and beneficiaries	$2,606,164	$17,861,255	$ 6,742,775	$27,210,194
2. For vested terminated members	115,149	5,583,284	622,430	6,320,862
3. For present active members:				
a. Value of expected future benefits payments	4,221,556	27,307,679	9,402,075	40,931,310
b. Value of future normal costs	1,120,716	10,327,334	3,180,854	14,628,904
c. Active member liability: (a) - (b)	3,100,840	16,980,345	6,221,221	26,302,406
4. Total	5,822,153	40,424,884	13,586,426	59,833,462
B. Valuation Assets	937,745	8,083,360	3,039,451	12,060,557
C. Unfunded Accrued Liability: (A.4) - (B)	$4,884,408	$32,341,523	$10,546,974	$47,772,905

The liabilities shown above are actuarial liabilities and not accounting liabilities. The accounting liability described in GASB No. 45 is essentially a measure of the accumulated difference between actual and required contributions.

The assumptions underlying the liabilities shown above include the health care trend rates on page E-3.

Valuation assets of $12,060,557 are held in GASB qualified trusts. Included in this amount are $294,557 which are held in the General Pension funds. Final determination of whether assets can be considered "plan assets" for GASB purposes should be made through consultation with the City's auditors.

COMMENTS

COMMENT A: One of the key assumptions used in any valuation of the cost of postemployment benefits is the rate of return on Plan assets. Higher returns will result in a lesser ARC. Lower returns will tend to increase the computed ARC. We have assumed that your asset return will be 7.75% per year, net of expenses. Use of such an interest rate presumes that the City will pre-fund it's Retiree Health Benefits with contributions equal to the GASB expense and that the allocation of these assets will be similar to a long-term funding policy with about 50% equity or equity-like exposure. If the City chooses not to pre-fund, or pre-fund with contributions less than the GASB expense, GASB requires the use of a lower rate of return on assets, equivalent to that which the employer can achieve on general account assets. Use of such an interest rate will considerably increase the net OPEB obligation (NOO) that is disclosed on the employers' financial statement.

COMMENT B: For a plan the size of the City of Wyoming Retiree Health Care Plan, the GASB Standard requires valuations at least every 2 years. If pre-funding is done, we recommend more frequent valuations.

COMMENT C: As of the valuation date, the plan provisions specify that new hires within certain employee groups do not participate in this retiree health program (they receive instead a 4% contribution into a DC type health plan). Since these groups are closed to new entrants, payroll is not expected to grow at the full 4.5% payroll growth assumption. We have therefore assumed a payroll growth assumption of 2% for both the General and Police groups. This assumption is reflected in the determination of the amortization payment toward the unfunded actuarial accrued liability.

COMMENT D: This report values only health and prescription drug benefits provided by the City. GASB expenses also include other benefits such as dental, life insurance, disability benefits, and long term care when provided separately outside of the defined benefit pension plan.

RECOMMENDATIONS

We recommend that consideration be given to the following:

- Continue the pre-funding program you have already begun for retiree health benefits. If the City wishes to maintain the level of benefits currently in place, the likelihood improves considerably if the ARC is contributed each year.

- Monitor funding progress by means of regular valuations. Considering the volatility of health care costs, **annual** updates are suggested. History suggests that there is a close correlation between regular reviews and financial stability in all kinds of post retirement benefit programs.

SECTION B

RETIREE PREMIUM RATE DEVELOPMENT

Retiree Premium Rate Development

Initial premiums were developed for the two classes of retirees (pre-65 and post-65). These premiums were developed using actual claims data provided by Priority Health, the City's TPA, for the retired participants of the City of Wyoming's medical benefit program. Since the prescription drug claims and the medical claims exhibit significantly different trends and claim payment patterns, we analyzed these segments separately.

The impact of the recently enacted Federal legislation creating a prescription drug benefit under Medicare has not been reflected in this report since the impact will depend upon the plan sponsors' method of coordinating their program with the Medicare program.

The first step in estimating incurred claims is to adjust the paid claims for the "incurred but not reported" claim liability. This liability is the amount of claims for services already rendered but not yet reported or paid for.

The next step is to determine the trend factors used to project the incurred claims from the experience period to the current use period. The experience period for this valuation is January 2007 through September 2009.

Trend factors were established by reviewing historical trends and evaluating their relationship with national and/or regional trends. Historical trend rates for the City's self-insured medical program for the past three years was also reviewed and factored in.

RETIREE PREMIUM RATE DEVELOPMENT (CONCLUDED)

The last step for developing the premium for the self-insured segment of the medical program is to add in the load for administration, network access fee, and stop loss premiums, etc. The age-graded premiums are shown below.

	Premium Rates by Age for Medical and Prescription Drugs	
Age	Male	Female
40	$223.61	$350.34
50	411.04	465.73
60	674.91	648.73
64	785.56	728.14
65	408.34	376.03
75	522.91	464.07
85	583.09	511.92

Please note that these premiums reflect the medical and prescription drug coverage only. We did not value the dental or vision benefits at this time.

SECTION C

EMPLOYER PORTION PROJECTION

EMPLOYER FINANCED RETIREE HEALTH CARE PLAN
EMPLOYER PORTION PROJECTION

Year Ending June 30,	Expected Employer Portion of Health Care Costs
2010	$ 2,080,475
2011	2,321,226
2012	2,603,032
2013	2,880,542
2014	3,171,239
2015	3,495,395
2016	3,871,639
2017	4,277,243
2018	4,709,008
2019	5,035,032

SECTION D

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

City of Wyoming Retiree Health Care Plan
Fire Non-Command Employees
Summary of Benefits as of June 30, 2009

PLAN PARTICIPANTS

Fire Non-Command employees of the City of Wyoming are eligible to receive retiree health care benefits.

RETIREE HEALTH CARE BENEFITS

Members hired before 7/1/2005 and retiring before 9/6/2005: $10 per month times years of credited service, not to exceed 30 years, payable to age 60. After age 60, total premium amount for the lifetime of the retiree and spouse regardless of optional form of retirement benefit selected.

Members hired before 7/1/2005 and retiring after 9/6/2005: $15 per month times years of credited service, not to exceed 30 years, payable to age 60. After age 60, total premium amount for the lifetime of the retiree and spouse regardless of optional form of retirement benefit selected.

Members hired after 7/1/2005: $15 per month times years of credited service, not to exceed 30 years, payable to age 60. Having at least 10 years of service, beginning at age 60, the City shall contribute 24% toward the cost of the premium for the retiree and retiree's eligible spouse. For each additional year after ten (10) years, the City shall contribute an additional four percent (4%) per year to a maximum City contribution of one hundred percent (100%).

NORMAL RETIREMENT HEALTH CARE ELIGIBILITY

Age 50 with 10 or more years of service.

EARLY RETIREMENT HEALTH CARE ELIGIBILITY

Members are not eligible for early retirement.

DEFERRED RETIREMENT HEALTH CARE ELIGIBILITY

Employees retiring under deferred retirement conditions are eligible for retiree health care just as if they had retired at normal retirement. Benefit deferred until normal retirement age.

DUTY DEATH IN SERVICE RETIREMENT HEALTH CARE ELIGIBILITY

Spouses of duty death in service members are eligible for retiree health care at any age and service. Benefit is based on a minimum of 10 years of service or the actual service if greater than 10 years of service. Benefit commences immediately.

NON-DUTY DEATH IN SERVICE RETIREMENT HEALTH CARE ELIGIBILITY

Spouses of non-duty death in service members are eligible for retiree health care at any age with 10 years of service. Benefit is based on years of service. Benefit commences immediately.

CITY OF WYOMING RETIREE HEALTH CARE PLAN
FIRE NON-COMMAND EMPLOYEES
SUMMARY OF BENEFITS AS OF JUNE 30, 2009 (CONCLUDED)

DUTY DISABLED RETIREMENT HEALTH CARE ELIGIBILITY

Duty disabled members are eligible for retiree health care at any age and service. Benefit is based on a minimum of 10 years of service or the actual service if greater than 10 years of service. Benefit commences immediately. Dependents are covered until retiree reaches normal retirement age.

NON-DUTY DISABLED RETIREMENT HEALTH CARE ELIGIBILITY

Non-duty disabled members are eligible for retiree health care at any age with 10 years of service. Benefit is based on years of service. Benefit commences immediately.

HEALTH CARE BENEFITS FOR SPOUSES AND DEPENDENTS OF RETIRED EMPLOYEES

Spouses of retired employees are eligible to receive retiree health care benefits. Coverage continues to surviving spouses of deceased retirees. Dependents are not covered as part of the retiree health care plan. Any dependent coverage must be paid by the retiree or surviving spouse.

NON-MEDICARE AND MEDICARE–ELIGIBLE PROVISIONS

Retirees are required to enroll in Medicare Part B once eligible. Retiree pays Medicare Part B premiums.

OPT-OUT PROVISION

The city does not provide an opt-out benefit for retiree health care benefits.

This is a brief summary of City of Wyoming's Retiree Health Care Benefit provisions. In the event that any description contained herein differs from the actual eligibility or benefit, the appropriate employee contract or governing document will prevail.

City of Wyoming Retiree Health Care Plan
General Employees
Summary of Benefits as of June 30, 2009

Plan Participants

General employees of the City of Wyoming are eligible to receive retiree health care benefits.

Retiree Health Care Benefits

Non-Admin: $10 per month times years of credited service, not to exceed 25 years, payable to age 60. After age 60, total premium amount for the lifetime of the retiree and spouse regardless of optional form of retirement benefit selected.
Administrative, Fire Chief, Fire Deputy Chief, Police Chief and Police Deputy Chief hired prior to 7/1/2004: Total premium is paid by the city.
Administrative, Fire Chief, Fire Deputy Chief, Police Chief and Police Deputy Chief hired on or after 7/1/2004: Having at least 5 years of service, the City shall contribute 4% toward the cost of the premium for the retiree and retiree's eligible spouse. For each additional year after five (5) years, the City shall contribute an additional four percent (4%) per year to a maximum City contribution of one hundred percent (100%).
Administrative hired after 7/1/2007: The City shall contribute 4% to a defined contribution plan.

Normal Retirement Health Care Eligibility

Administrative: Age 60 with 5 or more years of service.
Non-Admin: Age 60 with 10 or more years of service.
Fire Chief and Deputy Chief: Age 55 with 5 or more years of service.
Police Chief and Deputy Chief: Age 50 with 5 or more years of service.

Early Retirement Health Care Eligibility

Administrative: Age 55 with 5 or more years of service.
Non-Admin: Age 55 with 10 or more years of service.
Fire Chief and Deputy Chief: No early retirement provision.
Police Chief and Deputy Chief: No early retirement provision.

Deferred Retirement Health Care Eligibility

Employees retiring under deferred retirement conditions are eligible for retiree health care just as if they had retired at normal retirement. Benefit deferred until normal retirement age.

Duty Death in Service Retirement Health Care Eligibility

Spouses of duty death in service members are eligible for retiree health care at any age and service. Benefit is based on a minimum of 10 years of service or the actual service if greater than 10 years of service. Benefit commences immediately.

Non-Duty Death in Service Retirement Health Care Eligibility

Spouses of non-duty death in service members are eligible for retiree health care at any age with 10 years of service. Benefit is based on years of service. Benefit commences immediately.

City of Wyoming Retiree Health Care Plan
General Employees
Summary of Benefits as of June 30, 2009 (Concluded)

Duty Disabled Retirement Health Care Eligibility

Duty disabled members are eligible for retiree health care at any age and service. Benefit is based on a minimum of 10 years of service or the actual service if greater than 10 years of service. Benefit commences immediately. Dependents are covered until retiree reaches normal retirement age.

Non-Duty Disabled Retirement Health Care Eligibility

Non-duty disabled members are eligible for retiree health care at any age with 10 years of service. Benefit is based on years of service. Benefit commences immediately.

Health Care Benefits for Spouses and Dependents of Retired Employees

Spouses of retired employees are eligible to receive retiree health care benefits. Coverage continues to surviving spouses of deceased retirees. Dependents are not covered as part of the retiree health care plan. Any dependent coverage must be paid by the retiree or surviving spouse.

Non-Medicare and Medicare–Eligible Provisions

Retirees are required to enroll in Medicare Part B once eligible. Retiree pays Medicare Part B premiums.

Opt-Out Provision

The city does not provide an opt-out benefit for retiree health care benefits.

This is a brief summary of City of Wyoming's Retiree Health Care Benefit provisions. In the event that any description contained herein differs from the actual eligibility or benefit, the appropriate employee contract or governing document will prevail.

City of Wyoming Retiree Health Care Plan
Police Non-Dispatchers Employees
Summary of Benefits as of June 30, 2009

Plan Participants

Police employees of the City of Wyoming are eligible to receive retiree health care benefits.

Retiree Health Care Benefit

Police Non-Command hired before 7/1/2005 and retiring before 9/6/2005: $10 per month times years of credited service, not to exceed 30 years, payable to age 60. After age 60, total premium amount for the lifetime of the retiree and spouse regardless of optional form of retirement benefit selected.

Police Non-Command hired before 7/1/2005 and retiring on or after 9/6/2005: $15 per month times years of credited service, not to exceed 30 years, payable to age 60. After age 60, total premium amount for the lifetime of the retiree and spouse regardless of optional form of retirement benefit selected.

Police Non-Command hired after 7/1/2005 and retiring on or after 9/6/2005: $15 per month times years of credited service, not to exceed 30 years, payable to age 60. Having at least 10 years of service, beginning at age 60, the City shall contribute 24% toward the cost of the premium for the retiree and retiree's eligible spouse. For each additional year after ten (10) years, the City shall contribute an additional four percent (4%) per year to a maximum City contribution of one hundred percent (100%).

Police Non-Command hired after 7/1/2007: The City shall contribute 4% to a defined contribution plan.

Police Command: $15 per month times years of credited service, not to exceed 30 years, payable to age 60. After age 60, total premium amount for the lifetime of the retiree and spouse regardless of optional form of retirement benefit selected.

Normal Retirement Health Care Eligibility

Police Non-Command & Police Command: Age 50 with 10 or more years of service.

Early Retirement Health Care Eligibility

Members are not eligible for early retirement.

Deferred Retirement Health Care Eligibility

Employees retiring under deferred retirement conditions are eligible for retiree health care just as if they had retired at normal retirement. Benefit deferred until normal retirement age.

CITY OF WYOMING RETIREE HEALTH CARE PLAN
POLICE NON-DISPATCHERS EMPLOYEES
SUMMARY OF BENEFITS AS OF JUNE 30, 2009 (CONCLUDED)

DUTY DEATH IN SERVICE RETIREMENT HEALTH CARE ELIGIBILITY

Spouses of duty death in service members are eligible for retiree health care at any age and service. Benefit is based on a minimum of 10 years of service or the actual service if greater than 10 years of service. Benefit commences immediately.

NON-DUTY DEATH IN SERVICE RETIREMENT HEALTH CARE ELIGIBILITY

Spouses of non-duty death in service members are eligible for retiree health care at any age with 10 years of service. Benefit is based on years of service. Benefit commences immediately.

DUTY DISABLED RETIREMENT HEALTH CARE ELIGIBILITY

Duty disabled members are eligible for retiree health care at any age and service. Benefit is based on a minimum of 10 years of service or the actual service if greater than 10 years of service. Benefit commences immediately. Dependents are covered until retiree reaches normal retirement age.

NON-DUTY DISABLED RETIREMENT HEALTH CARE ELIGIBILITY

Non-duty disabled members are eligible for retiree health care at any age with 10 years of service. Benefit is based on years of service. Benefit commences immediately.

HEALTH CARE BENEFITS FOR SPOUSES AND DEPENDENTS OF RETIRED EMPLOYEES

Spouses of retired employees are eligible to receive retiree health care benefits. Coverage continues to surviving spouses of deceased retirees. Dependents are not covered as part of the retiree health care plan. Any dependent coverage must be paid by the retiree or surviving spouse.

NON-MEDICARE AND MEDICARE–ELIGIBLE PROVISIONS

Retirees are required to enroll in Medicare Part B once eligible. Retiree pays Medicare Part B premiums.

OPT-OUT PROVISION

The city does not provide an opt-out benefit for retiree health care benefits.

This is a brief summary of City of Wyoming's Retiree Health Care Benefit provisions. In the event that any description contained herein differs from the actual eligibility or benefit, the appropriate employee contract or governing document will prevail.

CITY OF WYOMING RETIREE HEALTH CARE PLAN
POLICE DISPATCHERS EMPLOYEES
SUMMARY OF BENEFITS AS OF JUNE 30, 2009

PLAN PARTICIPANTS

Police dispatchers employees of the City of Wyoming are eligible to receive retiree health care benefits.

RETIREE HEALTH CARE BENEFIT

Members retiring on or before 11/7/2005: $10 per month times years of credited service, not to exceed 25 years, payable to age 65. After age 65, total premium amount for the lifetime of the retiree and spouse regardless of optional form of retirement benefit selected.

Members retiring after 11/7/2005: $15 per month times years of credited service, not to exceed 25 years, payable to age 60. For employees that have completed ten (10) years of service, the city shall contribute twenty-four percent (24%) toward the cost of the premium for the retiree and the retiree's eligible spouse. For each additional year of service after ten (10) years, the City shall contribute an additional four percent (4%) per year to a maximum City contribution of one hundred percent (100%).

NORMAL RETIREMENT HEALTH CARE ELIGIBILITY

Members are eligible to receive retiree health care benefits at age 55 with 10 or more years of service.

EARLY RETIREMENT HEALTH CARE ELIGIBILITY

Members are not eligible for early retirement.

DEFERRED RETIREMENT HEALTH CARE ELIGIBILITY

Employees retiring under deferred retirement conditions are eligible for retiree health care just as if they had retired at normal retirement. Benefit deferred until normal retirement age.

DUTY DEATH IN SERVICE RETIREMENT HEALTH CARE ELIGIBILITY

Spouses of duty death in service members are eligible for retiree health care at any age and service. Benefit is based on a minimum of 10 years of service or the actual service if greater than 10 years of service. Benefit commences immediately.

NON-DUTY DEATH IN SERVICE RETIREMENT HEALTH CARE ELIGIBILITY

Spouses of non-duty death in service members are eligible for retiree health care at any age with 10 years of service. Benefit is based on years of service. Benefit commences immediately.

CITY OF WYOMING RETIREE HEALTH CARE PLAN
POLICE DISPATCHERS EMPLOYEES
SUMMARY OF BENEFITS AS OF JUNE 30, 2009 (CONCLUDED)

DUTY DISABLED RETIREMENT HEALTH CARE ELIGIBILITY

Duty disabled members are eligible for retiree health care at any age and service. Benefit is based on a minimum of 10 years of service or the actual service if greater than 10 years of service. Benefit commences immediately. Dependents are covered until retiree reaches normal retirement age.

NON-DUTY DISABLED RETIREMENT HEALTH CARE ELIGIBILITY

Non-duty disabled members are eligible for retiree health care at any age with 10 years of service. Benefit is based on years of service. Benefit commences immediately.

HEALTH CARE BENEFITS FOR SPOUSES AND DEPENDENTS OF RETIRED EMPLOYEES

Spouses of retired employees are eligible to receive retiree health care benefits. Coverage continues to surviving spouses of deceased retirees. Dependents are not covered as part of the retiree health care plan. Any dependent coverage must be paid by the retiree or surviving spouse.

NON-MEDICARE AND MEDICARE–ELIGIBLE PROVISIONS

Retirees are required to enroll in Medicare Part B once eligible. Retiree pays Medicare Part B premiums.

OPT-OUT PROVISION

The city does not provide an opt-out benefit for retiree health care benefits.

This is a brief summary of City of Wyoming's Retiree Health Care Benefit provisions. In the event that any description contained herein differs from the actual eligibility or benefit, the appropriate employee contract or governing document will prevail.

CITY OF WYOMING
FIRE ACTIVE MEMBERS AS OF JUNE 30, 2009
BY ATTAINED AGE AND YEARS OF SERVICE

	Years of Service to Valuation Date							Totals	
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 Plus**	**No.**	**Valuation Payroll**
20-24									
25-29	1	1						2	$ 110,072
30-34			2					2	130,538
35-39		2	4					6	375,853
40-44			6	1				7	459,850
45-49			3	1				4	255,738
50-54			1		1	2		4	288,777
55-59			1				2	3	191,878
60 & over							1	1	59,070
Totals	**1**	**3**	**17**	**2**	**1**	**2**	**3**	**29**	**$1,871,776**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age:	44.0	years
Service:	16.3	years
Annual Pay:	$64,544	

CITY OF WYOMING
GENERAL ACTIVE MEMBERS AS OF JUNE 30, 2009
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	1							1	$ 50,546
25-29	9	1	1					11	479,293
30-34	6	9	4					19	962,209
35-39	3	13	16	3				35	1,717,996
40-44	5	10	18	7	8			48	2,599,135
45-49	2	2	11	7	10	1		33	2,012,830
50-54	4	5	16	11	4	6	14	60	3,484,820
55-59	2	7	6	5	1	9	11	41	2,468,792
60-64		2		3	2		5	12	781,715
65 & Over			2	1				3	181,629
Totals	**32**	**49**	**74**	**37**	**25**	**16**	**30**	**263**	**$14,738,965**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age:	46.3	years
Service:	15.3	years
Annual Pay:	$56,042	

CITY OF WYOMING
POLICE ACTIVE MEMBERS AS OF JUNE 30, 2009
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24									
25-29	1							1	$ 55,742
30-34	3	8	4					15	1,029,720
35-39		1	18	1				20	1,434,122
40-44		1	6	15				22	1,664,414
45-49			3	4	2			9	720,349
50-54			1	1	3	1		6	435,119
55-59			1				1	2	155,473
60 & Over									
Totals	**4**	**10**	**33**	**21**	**5**	**1**	**1**	**75**	**$5,494,939**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age:	40.1	years
Service:	13.9	years
Annual Pay:	$73,266	

CITY OF WYOMING
DEFERRED MEMBERS AS OF JUNE 30, 2009
BY ATTAINED AGE AND YEARS OF SERVICE

General Deferred Members

Attained Age	Number of Deferred Retirees		
	Male	Female	Totals
30-34	0	0	0
35-39	1	4	5
40-44	3	1	4
45-49	3	2	5
50-54	6	9	15
55-59	8	6	14
60+	0	0	0
Totals	**21**	**22**	**43**

Police Deferred Members

Attained Age	Number of Deferred Retirees		
	Male	Female	Totals
35-39	1	1	2
40-44	4	0	4
Totals	**5**	**1**	**6**

Fire Deferred Members

Attained Age	Number of Deferred Retirees		
	Male	Female	Totals
45-49	1	0	1
Totals	**1**	**0**	**1**

CITY OF WYOMING
RETIRED MEMBERS AS OF JUNE 30, 2009
BY ATTAINED AGE AND YEARS OF SERVICE

Fire Retired Members

Attained Age	Number of Retirees		
	Male	Female	Totals
Under 65	5	0	5
65 & Over	14	1	15
Totals	**19**	**1**	**20**

General Retired Members

Attained Age	Number of Retirees		
	Male	Female	Totals
Under 65	39	12	51
65 & Over	47	39	86
Totals	**86**	**51**	**137**

Police Retired Members

Attained Age	Number of Retirees		
	Male	Female	Totals
Under 65	23	1	24
65 & Over	21	3	24
Totals	**44**	**4**	**48**

The number counts above only include those retirees who have elected to receive retiree health care coverage through the City's plan.

SECTION E

VALUATION METHODS AND ACTUARIAL ASSUMPTIONS

THE ENTRY AGE ACTUARIAL COST METHOD

The entry age actuarial cost method consists of *two* components:

> *Normal Cost* (the present value of future benefits assigned to members' service rendered in the current year),
>
> **PLUS**
>
> Amortization of the *Unfunded Actuarial Accrued Liability* (the difference between the present value of future benefits assigned to members' past service and the value of the plan's accumulated assets).

The normal cost was computed as follows:

The series of contributions necessary to accumulate the present value at time of retirement of an employee's health benefits was computed so that each contribution in the series, from entry age to retirement, was a constant percentage of the employee's year-by-year projected covered compensation.

The accrued liability was computed as follows:

Retirees: The discounted value of health benefits likely to be paid for retirees was computed using the investment return, health cost increase and mortality assumptions on the following pages.

Active Employees: The discounted value of health benefits likely to be paid for active employees was computed using the assumptions outlined on the following pages and was reduced by the value of normal costs to be paid for service after the valuation date.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION

The salary increase assumption used in this actuarial valuation projects annual salary increases of 4.5% plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases.

Pay Projections. This assumption is used to project current pays to those upon which future contributions will be based.

If the number and age/service distribution of active members remains stationary, the total active member payroll will increase 4.5% annually, the base portion of the individual pay increase assumption.

As of the valuation date, the plan provisions specify that new hires within certain employee groups do not participate in this retiree health program (they receive instead a 4% contribution into a DC type health plan). Since these groups are closed to new entrants, payroll is not expected to grow at the full 4.5% payroll growth assumption. We have therefore assumed a payroll growth assumption of 2% for both the General and Police groups. This assumption is reflected in the determination of the amortization payment toward the unfunded actuarial accrued liability.

Investment return (net of investment expenses). 7.75% per year compounded annually. The accounting standard permits an investment return assumption at such level in a pre-funded program. This rate consists of a real rate of return of 3.25% a year plus a long-term rate of wage inflation of 4.5% a year. This assumption is used to equate the value of payments due at different points in time. In an unfunded program the investment return assumption must be commensurate with potential earnings on the employers' general asset accounting.

Health care cost increases **-** See table below.

Health Care Trend Inflation

Year	Medical and Drug Trend Rates
2010	9.00%
2011	8.50%
2012	8.00%
2013	7.50%
2014	7.00%
2015	6.50%
2016	6.00%
2017	5.50%
2018	5.00%
2019	4.50%
2020	4.50%
2021	4.50%
2022	4.50%
2023	4.50%
2024	4.50%
2025 & Later	4.50%

Retiree health care valuations require an assumption about how the health care costs that the Plan is absorbing will change over the years. This assumption is called the health care cost trend rate and is the rate of change in per capita health care claims over time as a result of factors such as medical inflation, utilization of health care services, plan design, and technological developments.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION (CONTINUED)

Retiree health care valuations use a health care cost trend assumption that changes over the years. The near term rates reflect the fact that currently employers are seeing sharp increases in the cost of health care goods and services. If this trend is projected to continue for years to come, it implies that years from now virtually all our expenditures will be for health care. The seemingly more reasonable alternative is that in the not too distant future inflation in medical expenses will decrease to a level at or near wage inflation. It is on this basis that we project premium rates will continue to exceed wage inflation for the next 9 years, but by less each year until leveling off at an ultimate rate, assumed to be 4.5% in this valuation.

The trend assumption is established by reviewing national trends. Objective, comparative trends are obtained from a variety of resources including trend surveys from major insurers and benefit consulting groups. This information is added to information we have collected from analyses done in conjunction with many retiree health care valuations we have completed for other clients.

Medicare coverage was assumed to be available for all covered employees on attainment of age 65.

***Non-investment administration expenses* -** none.

Election percentage: 95% of retirees were assumed to receive retiree health care coverage from the City. Of the 95% receiving benefits, 70% of males and 70% of females were assumed to elect two-person coverage, if eligible. For those that elect two-person coverage, it was assumed that 80% of the eligible spouses would elect to continue coverage upon death of the retiree.

The pay increase assumption used in the actuarial valuation projects pay increases based on an age-related scale to reflect merit, longevity, and promotional pay increases as well as wage inflation.

The pay increase assumption for selected ages is shown below.

Sample Ages	Percent Increase in Salary During Next Year	
	General	**Police & Fire**
20	8.3%	7.5%
25	7.6%	7.5%
30	7.2%	7.1%
35	6.9%	5.6%
40	6.6%	4.7%
45	6.2%	4.7%
50	5.6%	4.7%
55	5.2%	4.6%
60	4.7%	4.5%
65	4.5%	4.5%

In estimating the amount of the reserves required at the time of retirement to pay a member's benefits for the remainder of his or her lifetime, it is necessary to make an assumption with respect to the probability of surviving to retirement and the life expectancy after retirement.

The mortality table used to project the mortality experience of plan members is the 1984 Group Annuity Mortality Table set back 0 years for men and 6 years for women. 50% of active member deaths are assumed to be non-duty deaths and 50% are assumed to be duty related.

Sample	Mortality Rates		Expected Years of Life Remaining	
Ages	Men	Women	Men	Women
50	0.49%	0.24%	27.53	32.93
55	0.78%	0.44%	23.28	28.40
60	1.21%	0.72%	19.27	24.11
65	1.95%	1.10%	15.55	20.05
70	3.34%	1.76%	12.25	16.27
75	5.18%	3.00%	9.49	12.87
80	8.30%	4.80%	7.17	10.02

The life expectancies projected by the Table for non-disabled members are shown above for selected ages.

A schedule of retirement rates is used to measure the probability of eligible members retiring during the next year. The uniform retirement rates in use for each category are shown below:

Age-Based Retirement Table

Retirement Ages	Percent of Eligible Active Members Retiring Within Next Year	
	General	Police & Fire
50	-	30%
51	-	20%
52	-	15%
53	-	15%
54	-	15%
55	10%	10%
56	5%	10%
57	5%	15%
58	5%	25%
59	5%	30%
60	20%	100%
61	20%	100%
62	20%	100%
63	20%	100%
64	20%	100%
65	30%	100%
66	30%	100%
67	40%	100%
68	50%	100%
69	60%	100%
70	100%	100%

Disability rates are used in the valuation to estimate the incidence of member disability in future years.

The assumed rates of disablement at various ages are shown below:

Sample Ages	Percent Becoming Disabled Within Next Year		
	General	Police	Fire
20	0.15%	0.10%	0.10%
25	0.18%	0.15%	0.15%
30	0.20%	0.25%	0.20%
35	0.29%	0.30%	0.25%
40	0.42%	0.70%	0.50%
45	0.65%	0.80%	0.65%
50	1.05%	0.95%	0.80%
55	1.84%	1.10%	0.95%
60	3.06%	1.20%	1.00%

50% of disabilities are assumed to be non-duty and 50% of disabilities are assumed to be duty related.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION (CONCLUDED)

The withdrawal rates are used to estimate the number of employees at each age that are expected to terminate employment before qualifying for retirement benefits. The withdrawal rates do not apply to members eligible to retire, and do not include separation on account of death or disability. The assumed rates of withdrawal applied in the current valuation are based on years of service for members with less than 5 years of service, and based on age for members with 5 or more years of service.

Sample rates of withdrawal from active employment are below:

Sample Ages	Years of Service	% of Active Members Separating Within Next Year	
		General	Police & Fire
ALL	0	15.00%	8.00%
	1	10.00%	6.00%
	2	8.00%	4.50%
	3	7.00%	3.00%
	4	6.00%	2.00%
25	5 & Over	5.00%	2.50%
30		4.50%	2.00%
35		3.55%	1.10%
40		1.45%	0.40%
45		0.75%	0.40%
50		0.75%	0.40%
55		0.75%	0.40%
60		0.75%	0.40%
65		0.75%	0.40%

Valuation Date	June 30, 2009
Actuarial Cost Method	Individual Entry Age Normal Cost
Amortization Method	Level Percent of Payroll Open
	4.5% Fire 2.0% General 2.0% Police
Remaining Amortization Periods	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	7.75% Per Year
Projected Salary Increases	4.5% - 8.3%
Valuation Health Care Cost Trend Rate Medical and Prescription Drug	9% in 2010, grading to 4.5% in 2019

This information is presented in draft form for review by the City's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the City's financial statements.

SCHEDULE OF FUNDING PROGRESS

Rounded to the Nearest $1,000

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b)-(a)	Funded Ratio (a)/(b)	Active Member Covered Payroll (c)	Unfunded AAL as a Percentage of Active Member Covered Payroll ((b-a)/c)
2005	$ 6,873	$ 64,689	$ 57,816	10.6 %	$20,881	276.9 %
2007	10,771	63,113	52,342	17.1	23,246	225.2
2009	**12,061**	**59,833**	**47,773**	**20.2**	**22,106**	**216.1**

This information is presented in draft form for review by the City's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the City's financial statements.

Miscellaneous and Technical Assumptions

Marriage Assumption: 100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than the female spouses.

Pay Increase Timing: Beginning of valuation year. This is equivalent to assuming that reported pays represent amounts paid to member during the year ended on the valuation date.

Decrement Timing: Decrements of all types are assumed to occur mid-year.

Future Service: Members are assumed to earn 1.0 years of service in each future year.

Eligibility Testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

Decrement Relativity: Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

Decrement Operation: Disability and death-in-service decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during retirement eligibility.

APPENDIX A

OVERVIEW

GASB BACKGROUND

The purpose of this valuation is to provide information on the cost associated with providing postemployment benefits other than pensions, or OPEB, to current and former employees. OPEB benefits are most often associated with postemployment health care, but cover almost any benefit not provided through a pension plan, including life insurance, dental and vision benefits. It is important to note that OPEB benefits, by definition, do not include benefits *currently* being provided to active employees – however, this report includes the liabilities for benefits expected to be paid to current active employees when they terminate employment at a future date.

The rising cost of health care has been a cause of concern to both individuals and employers who sponsor health care plans. The accounting community became concerned that many sponsors of public plans were accounting for the cost of their OPEB plans solely on the basis of benefits paid and that this method did not accurately reflect the ultimate cost of benefits promised to current and former employees. In 1988, the Governmental Accounting Standards Board (GASB) began working on a project to develop comprehensive standards for financial reporting of OPEB plans.

The GASB determined that an OPEB plan was similar to a pension plan in that benefits are earned during an active employee’s working lifetime but paid out at a future date. In the GASB’s view, accounting for OPEB should follow the same basic principle as accounting for public plan pension costs. These benefits are compensation for employees’ services and should be accounted for during the period of time that services are performed.

The GASB worked on comprehensive standards for OPEB accounting for more than a decade, culminating with the release of GASB Statements No. 43 and No. 45 in the spring of 2004. GASB Statement No. 43 covers the accounting rules for OPEB *plans* while GASB Statement No. 45 describes the rules for *employers* sponsoring OPEB plans. The effective dates of the Statements are based on the implementation of GASB Statement No. 34, based on the sponsor's annual revenue for the first fiscal year ending on or after June 15, 1999, and follow the schedule below:

Total Annual Revenue in the First Fiscal Year Ending After June 15, 1999	**GASB No. 43 OPEB Standards for the Plan's Financial Statements will be Effective for Periods Beginning After**	**GASB No. 45 OPEB Standards for the Employer's Financial Statements will be Effective for Periods Beginning After**
Phase 1 Govts. - $100 million or more	December 15, 2005	December 15, 2006
Phase 2 Govts. - $10 million or more, but less than $100 million	December 15, 2006	December 15, 2007
Phase 3 Govts. – Less than $10 million	December 15, 2007	December 15, 2008

GASB STANDARDS

Unlike pension plans, OPEB plans often do not have a formal document detailing the specific terms of the plan. Under GASB Statements No. 43 and No. 45 the benefits to be accounted for are those provided by the *substantive plan* – loosely defined as the benefits covered by the plan as understood by the employer and plan members at the time of each actuarial valuation. The substantive plan provisions used in this valuation are summarized in Section D.

GASB also requires that the calculations assume the terms of the substantive plan continue indefinitely. It has been argued that there is a likelihood future OPEB plan provisions would be different than the current substantive plan (due to rising health care costs or social changes) and therefore, liabilities based on the current substantive plan may overstate what will actually occur. However, the GASB Statement is designed to measure liabilities for the plan as it currently exists. While it may be reasonable to assume future changes in the OPEB plan for other purposes, recognition of anticipated changes is not allowed for purposes of accounting for OPEB.

The specific items required to be disclosed on an OPEB sponsor's financial statements are described in detail in GASB Statements No. 43 and No. 45. In general terms, though, the plan sponsor is required to disclose an annual OPEB cost, the funded status of the plan and the funding progress on the valuation date.

Although GASB does not require OPEB contributions, it has chosen to call the base component of the annual OPEB cost the Annual Required Contribution, or ARC. The ARC consists of the cost of benefits accruing in a year plus an amount calculated to amortize any unfunded actuarial accrued liability over a period of not more than 30 years.

The funded status of the plan is a ratio of the plan's assets to the actuarial accrued liability on the valuation date. The plan is also required to disclose the cumulative difference between the ARC and the employer's actual contribution to the plan. This amount is known as the Net OPEB Obligation (NOO). Each year, the NOO accumulates with interest, plus the difference between the ARC and actual contributions for the year, plus some technical adjustments. **For most plans the NOO is set to zero as of the effective date of the GASB OPEB standard. It is the NOO, and not the actuarial accrued liability, that will be disclosed on the employers' Statement of Net Assets.**

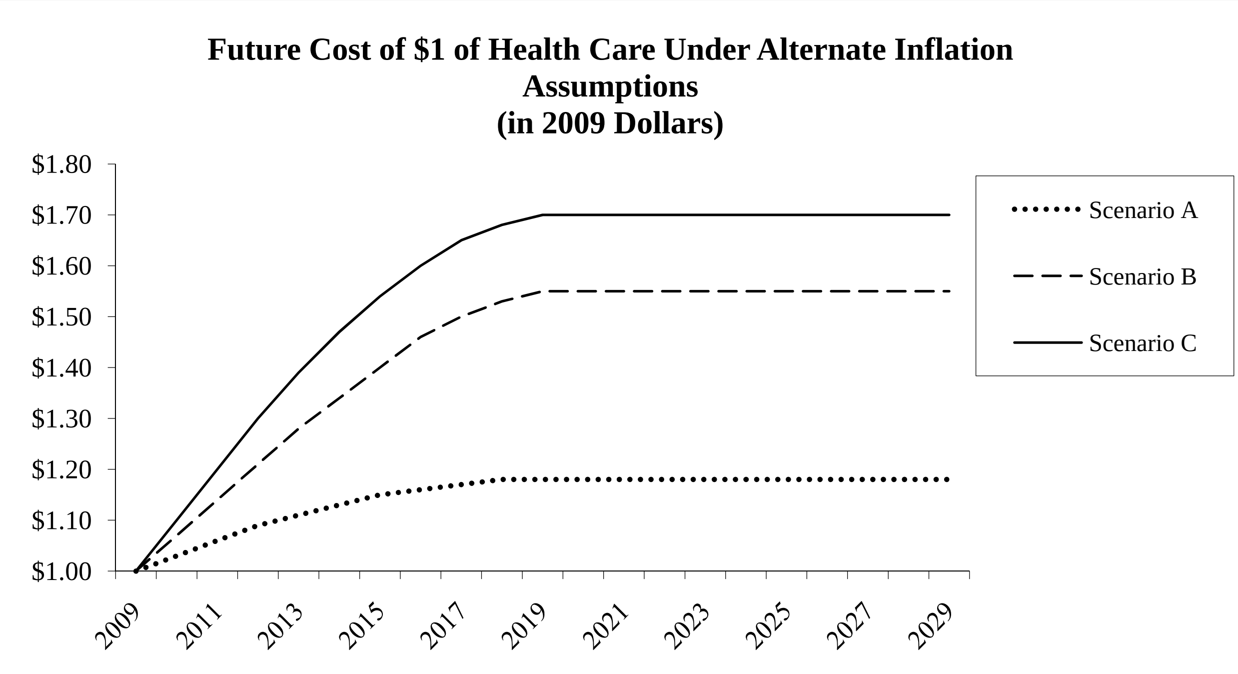
OPEB SPECIFIC ASSUMPTIONS

In any long-term actuarial valuation (such as for pensions and OPEB), certain demographic, economic and behavioral assumptions must be made concerning the population, investment discount rates, and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, benefits to be provided, and contributions to be collected. The investment return rate assumption is used to discount the future benefits to a present value on the valuation date. While assumptions such as future rates of retirement and mortality are similar for both OPEB and pension plans, there are some additional assumptions required when projecting benefits for a health care plan.

The cost of providing medical services has been increasing more rapidly than prices in general for many years. During the period from 1960 to 2008, general inflation averaged about 4.4%, while health expenditures per person increased by an average of close to 9% per year. If this trend is projected to continue for years to come, it implies that years from now virtually all our expenditures will be for health care. The seemingly more reasonable alternative is that in the not too distant future medical expense inflation will stabilize at a level at or near general inflation. It is on this basis that we project that retiree health care costs will continue to exceed general inflation in the near term, but by less each year until leveling off at an ultimate rate that is similar to general price increases.

Health care increase rates used in this valuation lie within a range of reasonable assumptions and are described on page E-3 of this report. The health care increase rate assumption has a major effect on the calculation of plan liabilities. To illustrate the effect of differing future medical inflation rates, the chart on the next page projects the growth of $1 of health care benefits under three sets of assumptions.

In this illustration, each set of assumptions trends smoothly to an assumed long term rate of inflation over the next ten years: The assumption set labeled “Conservative” begins at a rate of 10% in excess of general inflation, the “Moderate” assumption begins at a rate of 7% in excess of general inflation, while the “Aggressive” assumption begins at a rate of 3% in excess of general inflation.



The chart above shows that the cost of providing health care is expected to increase over 50% in inflation-adjusted dollars over the next 20 years, using the "Moderate" health care increase assumption set. To put this in perspective, assuming health care increases are brought under control almost immediately, as in the "Aggressive" assumption set, implies future per capita health care costs will be expected to increase less than 20% over current levels. In addition to the per capita health care inflation, costs are expected to rise as the retiree population increases.

The selection of an investment return rate also has a major impact on the calculation of the reported GASB OPEB expense.

It is important to note that GASB Statements No. 43 and No. 45 require the selection of an interest rate assumption to be based on the expected long-term rate of return on the assets expected to pay the OPEB when due. GASB states that the return should be based on expected returns of:

- Plan assets – if the sponsor has been contributing the ARC on a regular basis;
- The employer's general assets – where no OPEB assets have been accumulated;
- A blend of plan and employer assets – in cases where OPEB assets exist but the plan is contributing amounts less than the ARC.

ACTUARIAL COST METHOD

GASB Statement No. 45 provides some flexibility to governmental employers (and their actuaries) in the use of various actuarial cost methods. It should be noted that an actuarial cost method determines a contribution or expense by assigning portions of the present value of projected benefits to various years with the general goal of accruing the cost of benefits over the working lifetime of the employees. The choice of a particular method does not change the ultimate cost of the promised benefits.

The Entry Age Normal actuarial cost method has been used to calculate the GASB ARC for this valuation. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The entry age method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. The amortization of the unfunded accrued liability was calculated as a level percent of payroll. This is both an acceptable and reasonable cost method. The use of another actuarial cost method would produce different results.

OPEB PRE-FUNDING

Many employers fund retiree health care benefits using the pay-as-you-go (or cash disbursement) method. The employer's annual contribution for these benefits is equal to the actual disbursements during the year for health care benefits for retired employees. This method of funding will result in increasing contributions over time. Per capita cash disbursements will tend to increase from year to year as the cost of health care services, or the utilization of these services increase.

A retiree health care plan is similar to a defined benefit pension plan, in that promises are made to employees to provide them with a benefit payable at some future date. For defined benefit pension plan sponsors a common funding objective is to contribute annual amounts to a fund which will i) remain level as a percentage of active member payroll, and ii) when combined with present assets and future investment return will be sufficient to meet the financial obligations of the Plan to current and future retirees.

The ultimate determination as to the level of pre-funding will be the result of decisions made in an attempt to reconcile the often conflicting needs of benefit security for members and fiscal responsibility for the City. The GASB accounting standards noted in the previous section of the report can factor into decisions concerning the level of pre-funding.

APPENDIX B

GLOSSARY

GLOSSARY

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution (ARC). The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

Governmental Accounting Standards Board (GASB). GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

Medical Trend Rate (Health Inflation). The increase in the plan's cost over time. Trend includes all elements that may influence a plan's cost, assuming that enrollments and the plan benefits do not change. Trend includes such elements as, pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Other Post-Employment Employee Benefits (OPEB). OPEB are post-employment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription drugs or other healthcare benefits.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

Valuation Assets. The value of current plan assets recognized for valuation purposes.

GRS
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January 5, 2010

Mr. Tim Smith
Finance Director
City of Wyoming
1155 28th Street, S.W.
Wyoming, Michigan 49509

Re: City of Wyoming Retiree Health Care Plan

Dear Mr. Smith:

Enclosed are 20 copies of our report of the June 30, 2009 actuarial valuation of the City of Wyoming Retiree Health Care Plan.

Respectfully submitted,

Brad Armstrong

BLA:mrb
Enclosures