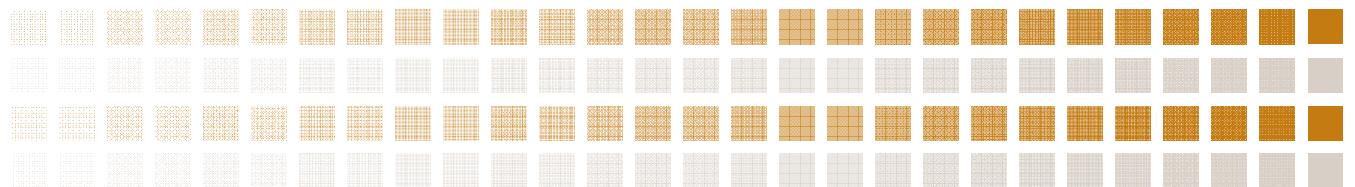


**Council Finance Committee
Meeting
June 18, 2007**

**GERP
Actuarial Valuation
January 1, 2007**

This work product was prepared solely to provide assistance to the City of Fort Collins and the Council Finance Committee. It may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.



Agenda

- Review the January 1, 2007 Actuarial Valuation
- Discuss impact of revised funding policy
- Comments on the Entry Age Normal funding method



Pension Valuation Elements

Liabilities

Plan Provisions

Plan Participants

Actuarial Methods and Assumptions

Assets

Current Balance

Earnings

Contributions



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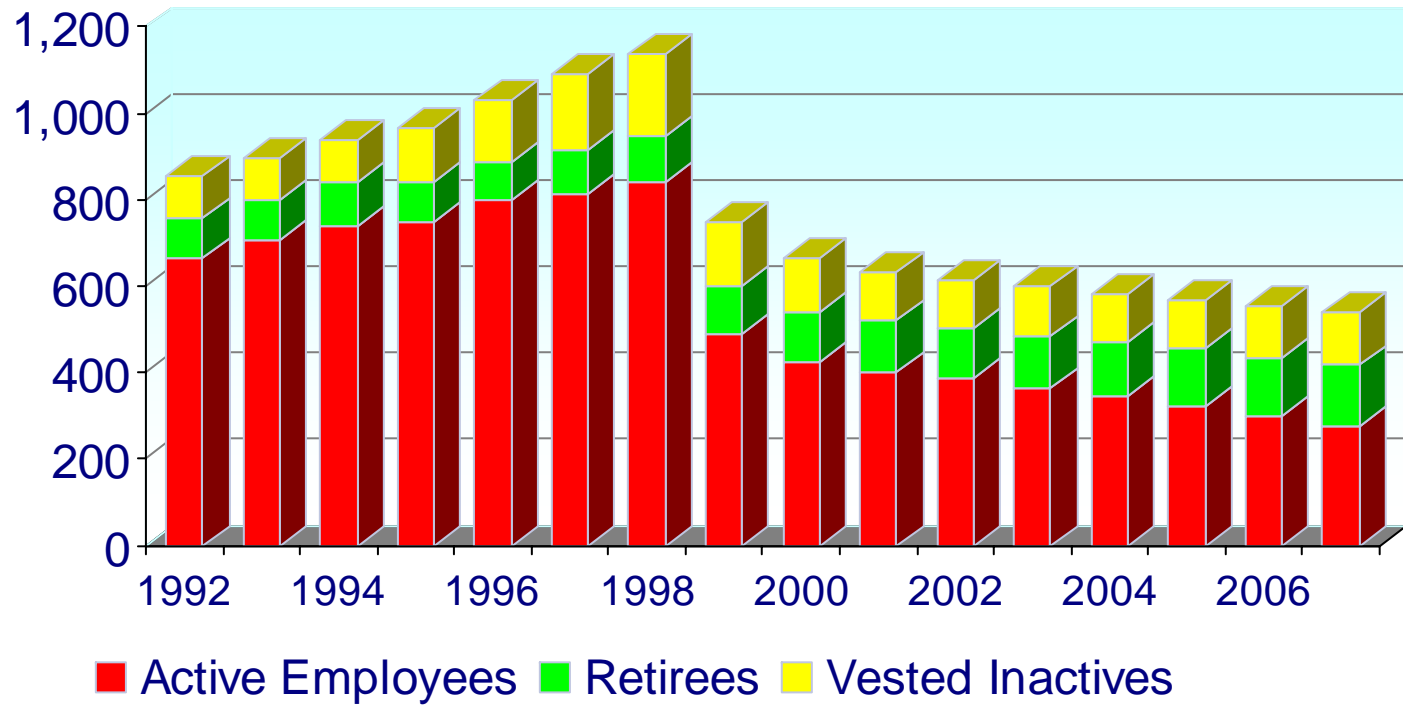
Data Reconciliation

	Actives	Term Vested	Retired	Total
1/1/2006	300	119	134	553
New or rehire	N/A	N/A	0	0
Terminations	(15)	15	N/A	0
Retirements	(5)	(5)	10	0
Deaths	(1)	2*	(1)	0
Cash Outs	(5)	(7)	0	(12)
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change	(26)	5	9	(12)
1/1/2007	274	124	143	541

* Includes beneficiary and alternate payee for deceased participant.



Summary of Plan Participants

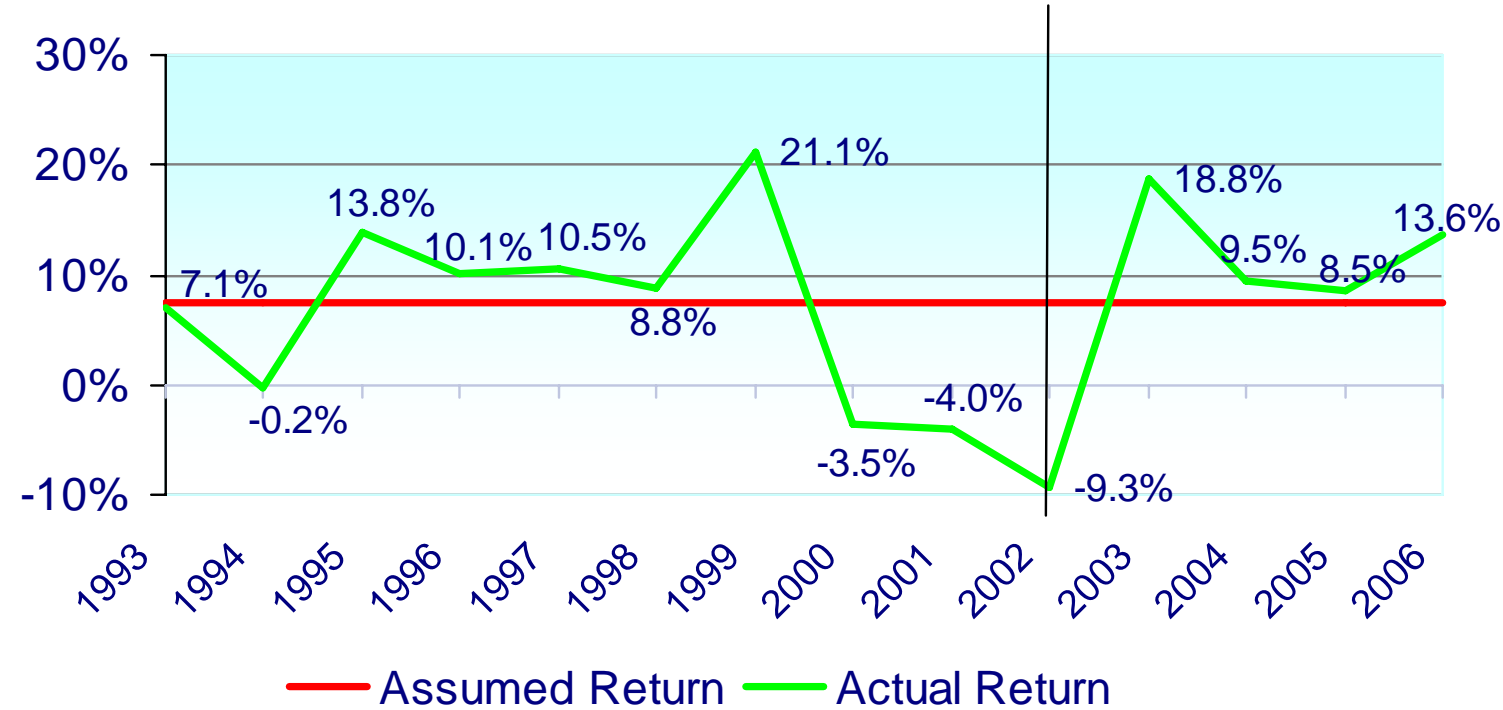


Financial Data - 2006

■ Market – 1/1/06	\$ 38,098,146
■ Income	
Contributions	\$ 909,179
Income and appreciation	<u>5,139,724</u>
Total	\$ 6,048,903
■ Disbursements	
Benefit payments	\$ 1,797,939
Expense	<u>26,925</u>
Total	\$ 1,824,864
■ Market 12/31/06	\$ 42,322,185



Return on Market Value of Assets Net of Expenses



Calculation of Actuarial Value of Assets

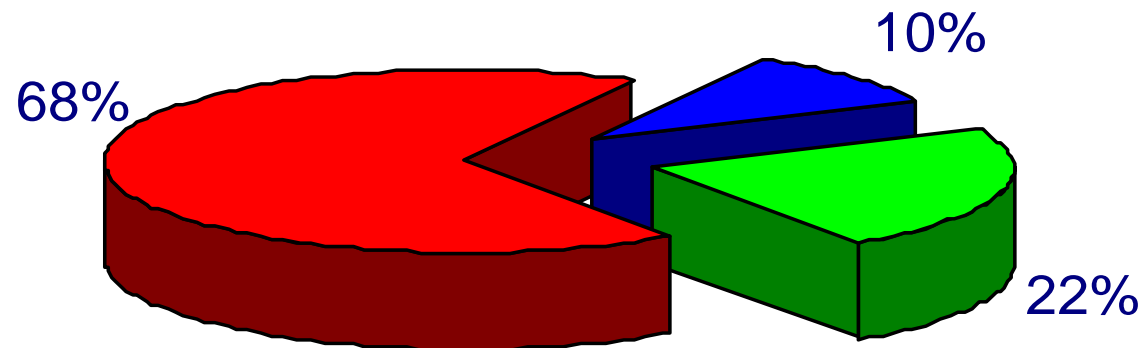
Gains/ (Losses)	Recognize this Year	Recognize in Future Years	Percent Remaining
2002	\$ (1,128,424)	\$ 0	0%
2003	882,797	882,797	20%
2004	102,692	205,384	40%
2005	72,567	217,698	60%
2006	<u>476,286</u>	<u>1,905,144</u>	80%
Total	\$ 405,918	\$ 3,211,023	

Expected actuarial value of assets 12/31/06	\$ 38,705,244
Gain/(Loss) recognized	<u>405,918</u>
Actuarial Value of assets	\$ 39,111,162
Market Value of assets	\$ 42,322,185



Cost Method - Liabilities

Present Value of Projected Benefits

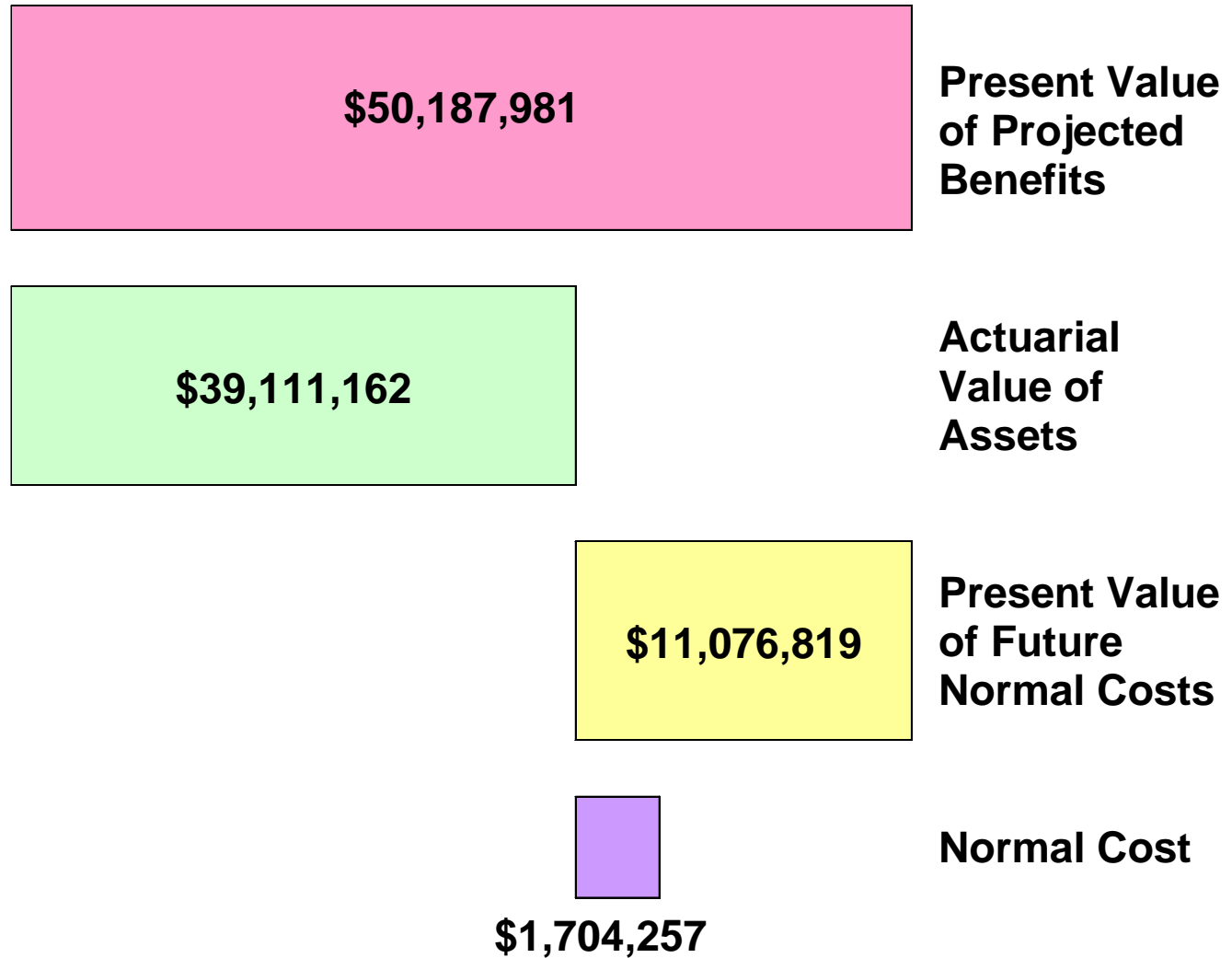


■ Actives ■ Vested Inactive ■ Retirees

Corresponding values for 2006: Actives at 71%, Vested Inactive at 8% and Retirees at 21%



Aggregate Cost Method



Calculation of Annual Required Contribution (ARC) 1/1/07

1. Present Value Projected Benefits	\$ 50,187,981
2. Actuarial Value of Assets	<u>39,111,162</u>
3. Present Value of Future Costs	\$ 11,076,819
4. Present Value Future Compensation	\$ 98,373,983
5. Normal Cost Rate (3 ÷ 4)	11.2599%
6. Compensation (Actives <67)	\$ 15,135,635
7. Normal Cost (5 x 6)	\$ 1,704,257
8. Expenses	<u>20,851</u>
9. ARC	\$ 1,725,108



Change in Normal Cost Percent

January 1, 2006 Valuation: 10.7382%

Changes:

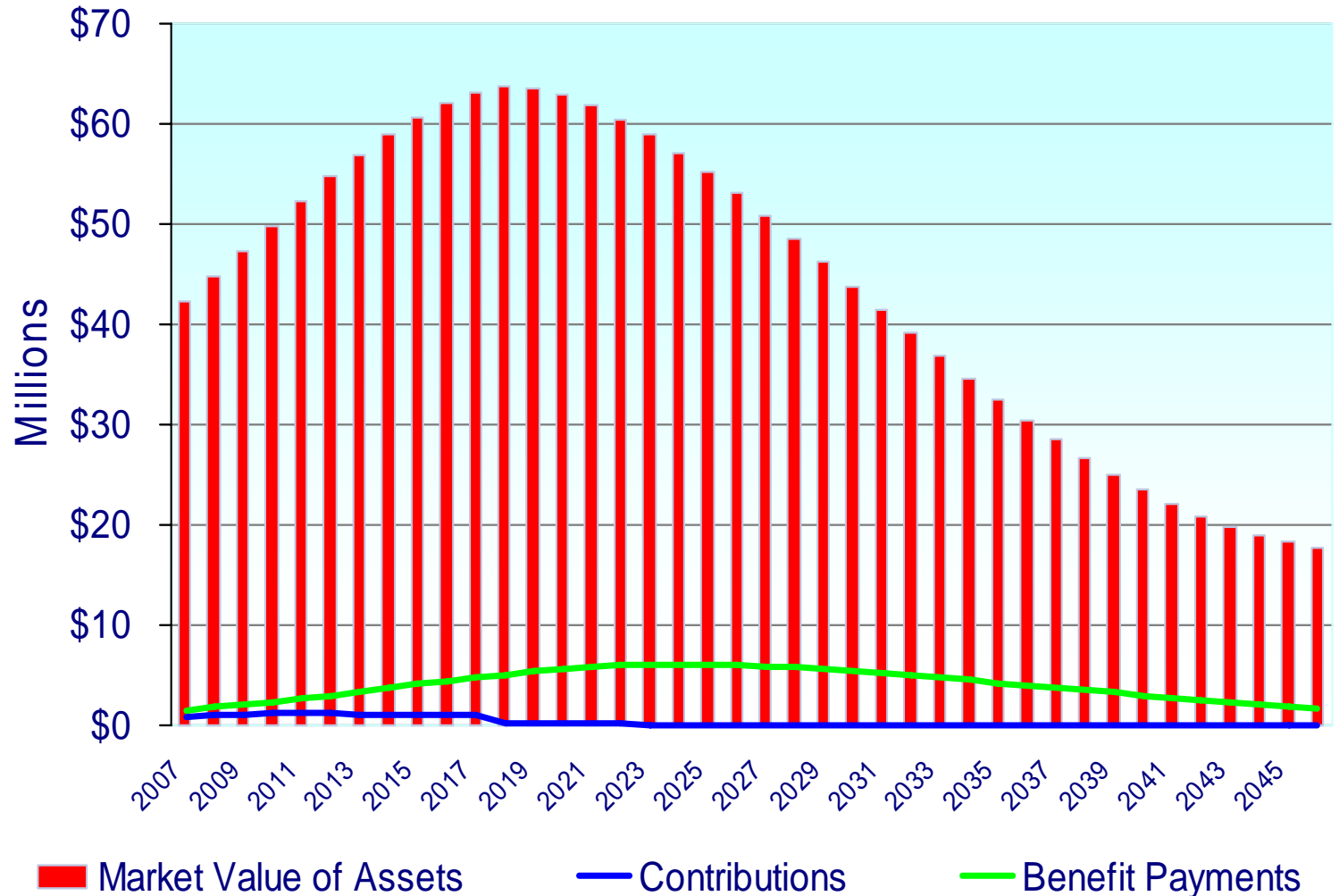
a. Asset losses from prior years	0.0713%
b. Asset gain from 2006	(0.4824)
c. Salary changes < assumption	(0.0449)
d. Other, including demographic	<u>0.9777*</u>
e. Total	0.5217%

January 1, 2007 Valuation: 11.2599%

* Includes 0.8960% due to contributions less than the Annual Required Contribution.



2007 Projection of Contributions, Benefit Payments, and Market Value of Assets



Assumes Market Value of Assets earns 7.5% per annum, and contributions are 4.5% of compensation. Includes excess contributions of \$200,000 for 2007, \$400,000 for 2008 & 2009, and \$700,000 for 2010 through 2017.



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2007 Projection of Contributions, Benefit Payments, and Market Value of Assets

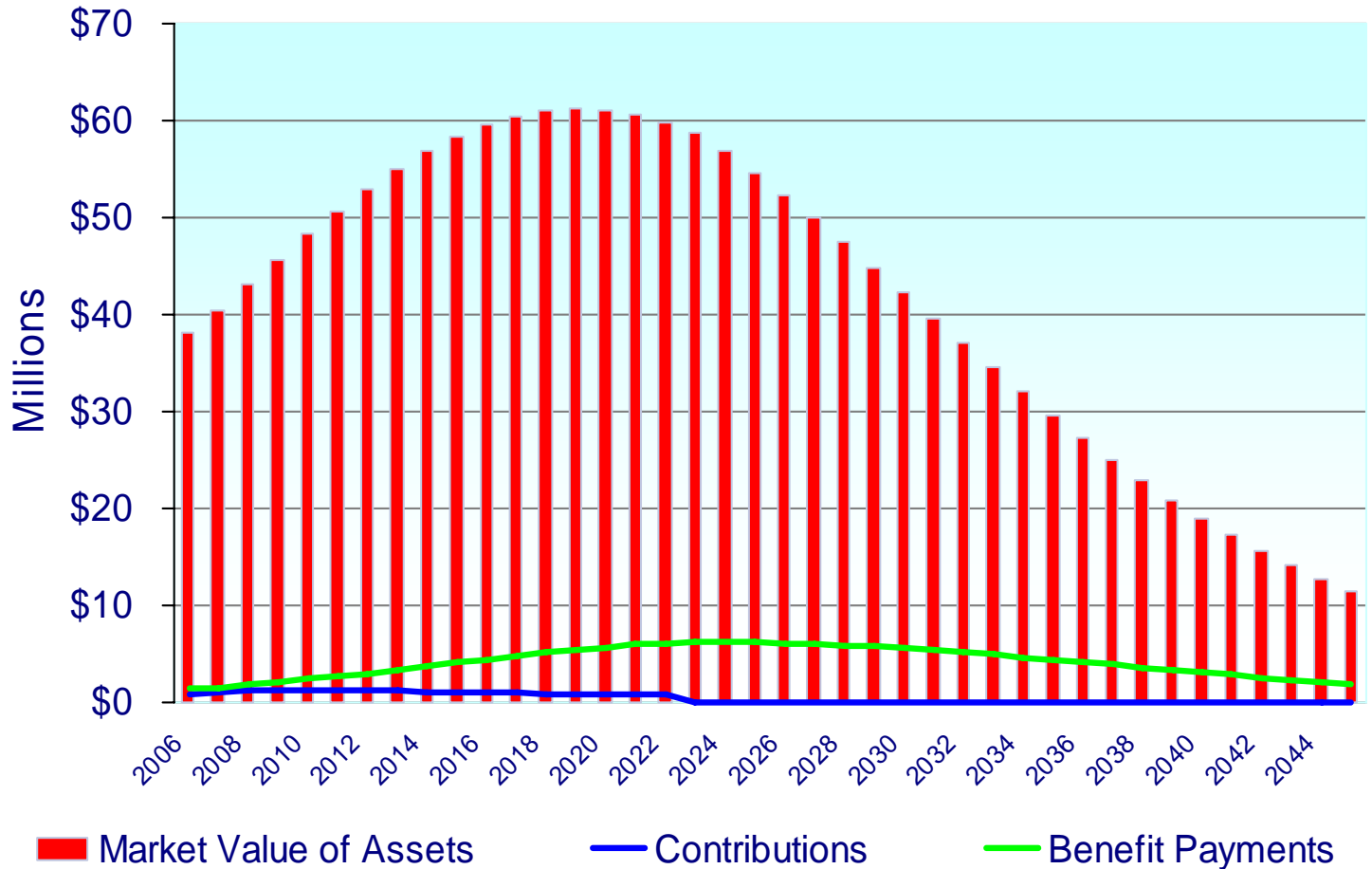
Year	Market Value	Expected Contribution	Benefit Payment	Year	Market Value	Expected Contribution	Benefit Payment
2007	42,322,185	881,104	1,513,858	2027	50,829,655	40,362	5,931,276
2008	44,818,233	1,043,033	1,778,705	2028	48,508,423	33,523	5,789,739
2009	47,394,708	1,006,558	2,102,029	2029	46,152,847	26,690	5,646,817
2010	49,791,127	1,262,642	2,382,600	2030	43,761,795	21,118	5,432,832
2011	52,341,872	1,217,378	2,662,481	2031	41,407,644	17,527	5,233,059
2012	54,746,585	1,177,820	2,992,883	2032	39,080,470	15,263	5,025,674
2013	56,947,818	1,140,791	3,305,196	2033	36,791,571	11,712	4,799,640
2014	58,951,701	1,093,813	3,717,592	2034	34,561,830	8,516	4,541,730
2015	60,629,274	1,047,071	4,081,798	2035	32,429,124	7,213	4,265,709
2016	62,006,307	1,004,115	4,443,223	2036	30,421,485	6,547	4,026,578
2017	63,067,072	964,085	4,759,524	2037	28,510,681	4,946	3,779,673
2018	63,837,701	225,923	5,098,012	2038	26,711,070	2,912	3,527,853
2019	63,549,103	192,515	5,425,974	2039	25,035,641	1,703	3,269,312
2020	62,863,939	158,422	5,668,164	2040	23,501,536	1,039	3,000,309
2021	61,840,744	129,491	5,852,086	2041	22,130,775	692	2,753,910
2022	60,519,974	109,549	5,982,344	2042	20,912,486	353	2,499,868
2023	58,944,314	90,094	6,074,977	2043	19,866,042	0	2,257,155
2024	57,134,188	72,908	6,076,682	2044	18,992,564	0	2,023,492
2025	55,168,703	59,695	6,075,048	2045	18,296,000	0	1,803,507
2026	53,043,794	50,230	5,997,980	2046	17,775,428	0	1,598,086

Assumes Market Value of Assets earns 7.5% per annum, and contributions are 4.5% of compensation.
Includes excess contributions of \$200,000 for 2007, \$400,000 for 2008 & 2009, and \$700,000 for 2010 through **2017**.

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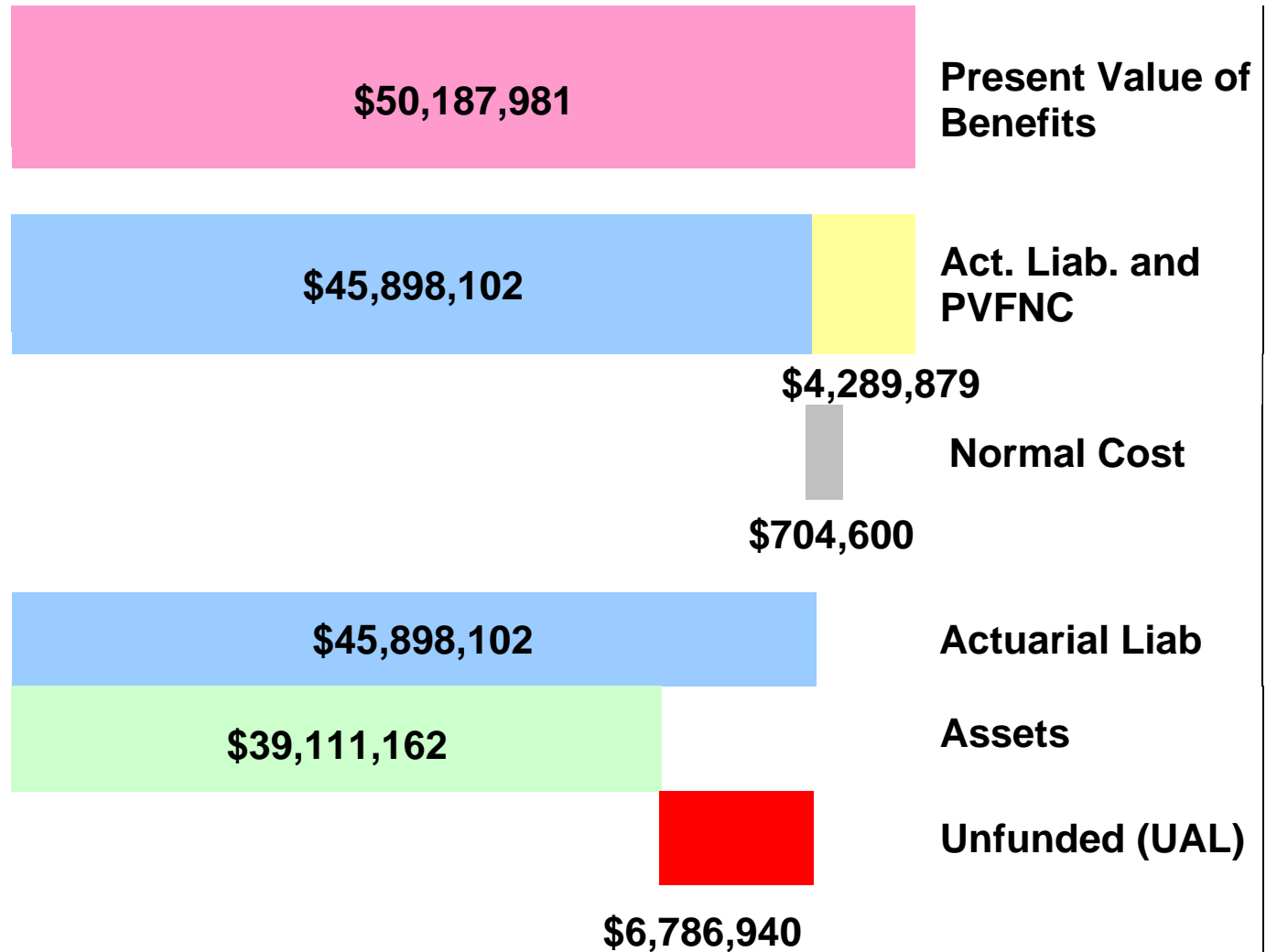
2006 Projection of Contributions, Benefit Payments, and Market Value of Assets



Assumes Market Value of Assets earns 7.5% per annum, and contributions are 4.5% of compensation. Includes excess contributions of \$200,000 for 2006, \$400,000 for 2007, \$600,000 for 2008, and \$700,000 for 2009 through 2022.



Entry Age Normal Cost Method



Entry Age ARC

Normal Cost + Amortization of UAL + Exp.

Maximum amortization period is 30 years

Can amortize as a level dollar amount or a level percent of pay

Range of ARC is \$1,260,000 to \$1,917,000

Funded Status remains at 85% (actuarial value of assets is 92% of Market compared to 97% the previous year)

