

January 1, 2011 Actuarial Valuation of the City of Fort Collins General Employees' Retirement Plan

Pat Kahle, FSA, MAAA, EA
April 14, 2011



This work product was prepared solely to provide assistance to the City of Fort Collins and the General Employees' Retirement 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.

Certification

- Except as otherwise indicated in this presentation, the explanatory notes contained in our draft January 1, 2011 actuarial valuation report, including statements of reliance and limitations on use, continue to apply.

Purposes of the Valuation

- Review demographic and financial experience
- Determine the funded status of the plan
- Calculate the Annual Required Contribution pursuant to GASB 25/27

Highlights

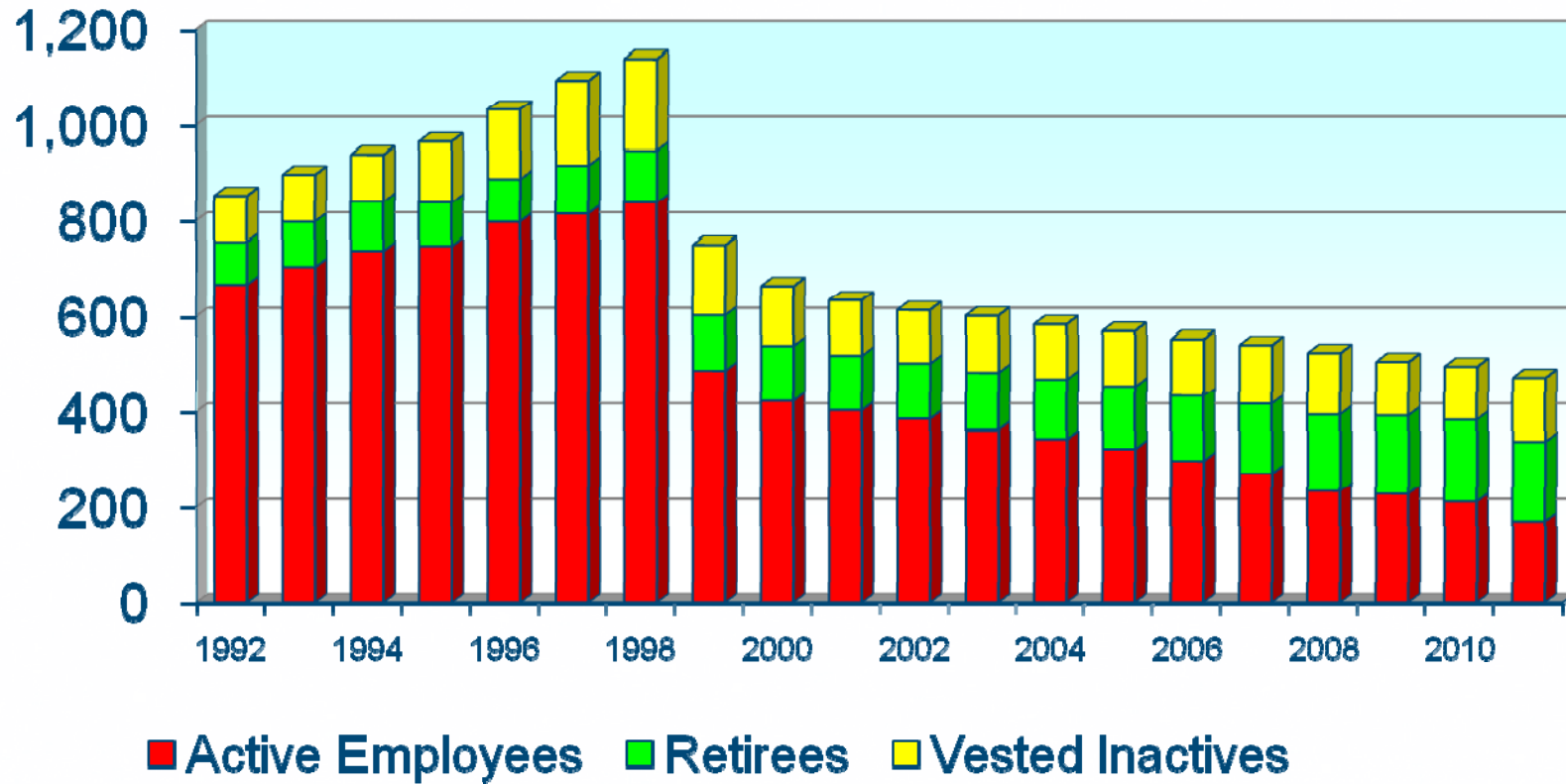
	2010	2010
1. Market Value of Assets	\$ 39,355,910	\$ 37,302,262
2. Actuarial Value of Assets	\$ 39,974,052	\$ 39,577,509
3. Ratio	101.6%	106.1%
4. Present Value of Projected Benefits	\$ 52,003,877	\$ 53,400,744
5. Actuarial Liability	\$ 49,651,276	\$ 50,300,314
6. Unfunded Actuarial Liability	\$ 9,677,224	\$ 10,722,805
7. Funded Percentage	80.5%	78.7%
8. Funded Percentage – MVA Basis	79.3%	74.2%

Data Reconciliation

	Actives	Term Vested	Retired	Total
1/1/2010	212	114	171	497
New or rehire	N/A	N/A	0	0
Terminations	(25)	25	N/A	0
Retirements	(3)	(2)	5	0
Deaths	(1)	0	(6)	(7)
Cash Outs	(14)	(2)	0	(16)
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change	(43)	21	(1)	(23)
1/1/2011	169	135	170	474

Note: 20 of 25 Terminations and 8 of 14 Cash Outs from Active status were a result of the plan change on December 31, 2010.

Summary of Plan Participants

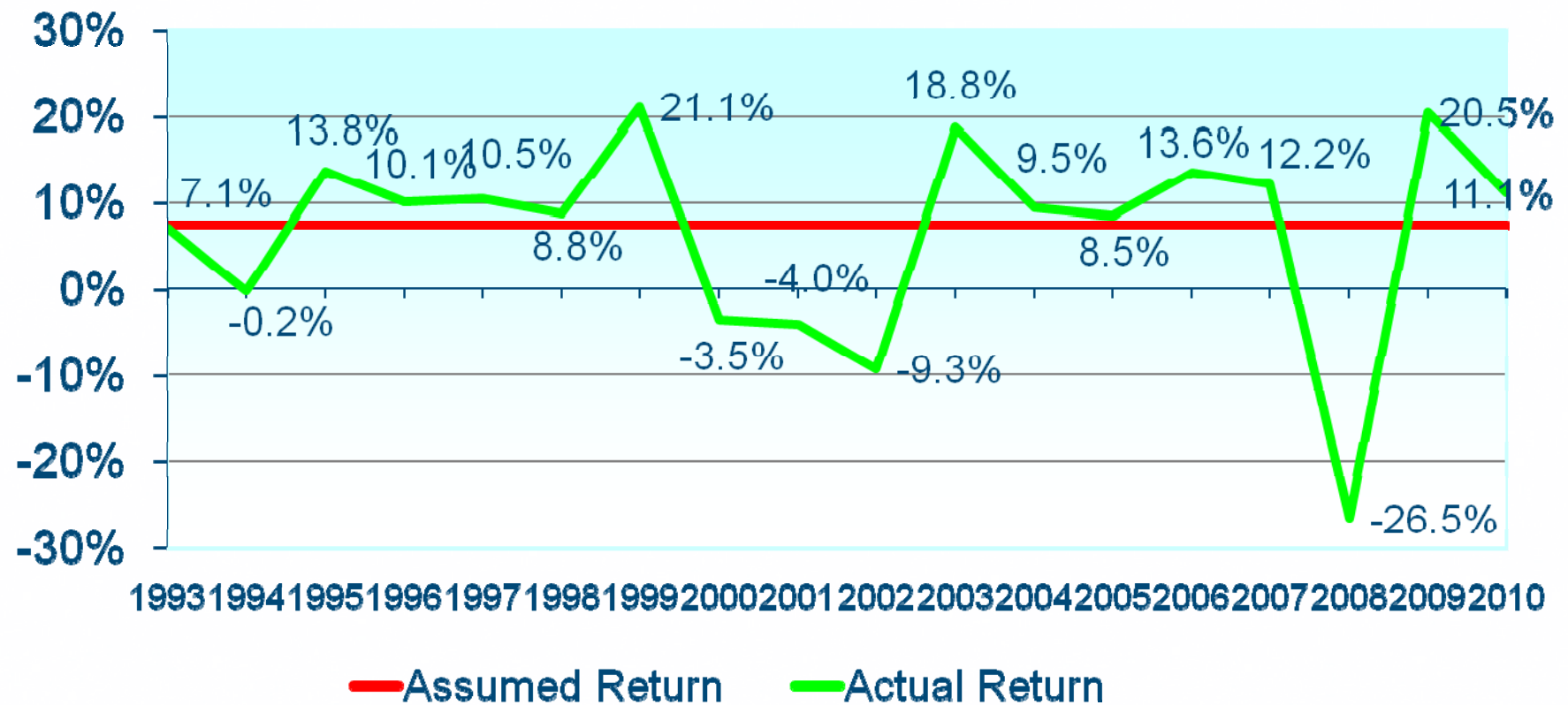


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Financial Data - 2010

1. Market Value – 1/1/2010	\$	37,302,262
2. Income		
a. Contributions	\$	2,100,467
b. Income and appreciation		<u>4,063,537</u>
c. Total	\$	6,164,004
3. Disbursements		
a. Monthly benefits	\$	1,770,715
b. Lump sum payments		2,304,233
c. Expenses		<u>35,408</u>
d. Total	\$	4,110,356
4. Market Value – 1/1/2011	\$	39,355,910

Return on Market Value of Assets Net of Expenses



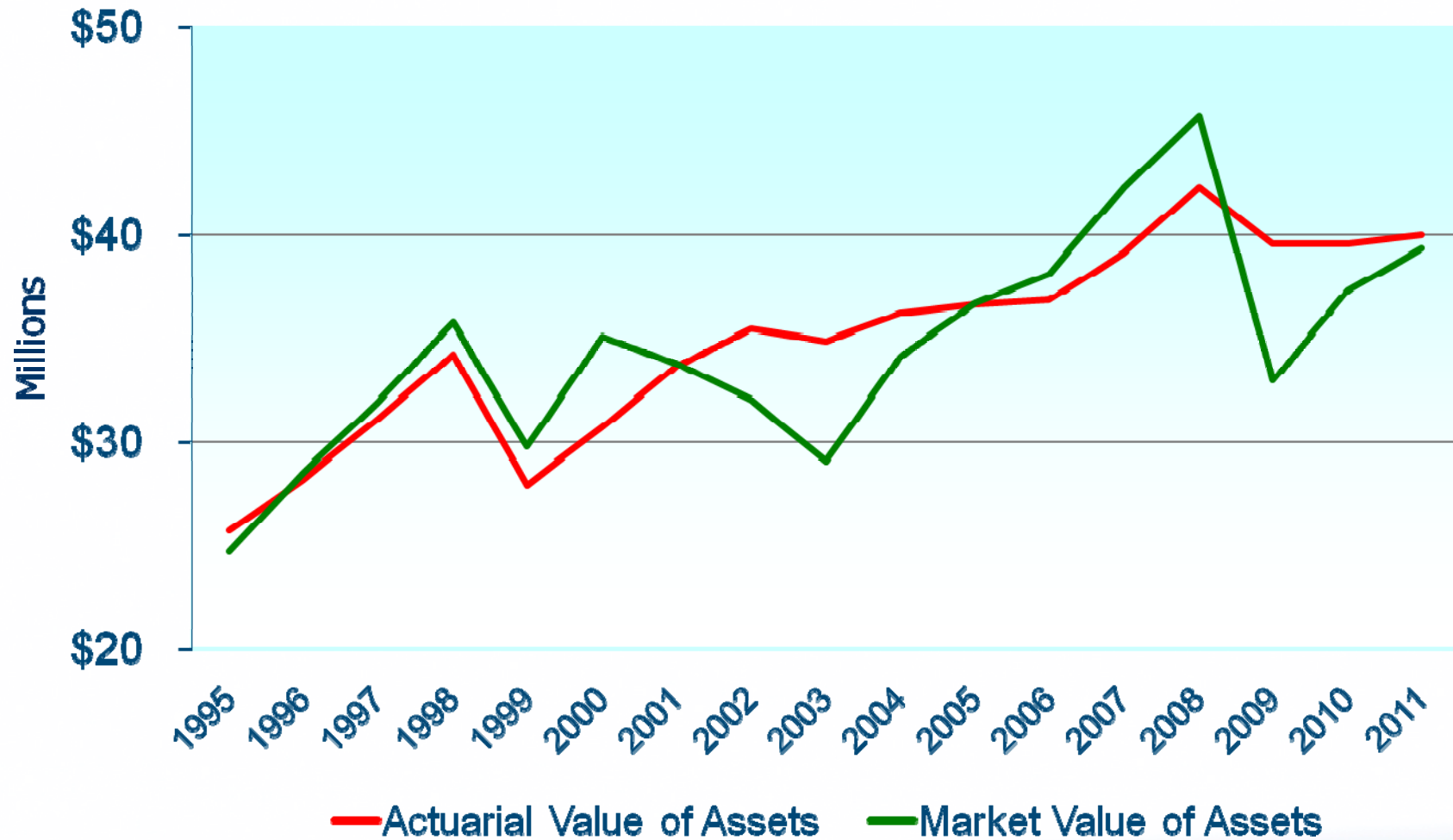
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Calculation of Actuarial Value of Assets

Gains/ (Losses)	Recognize this Year	Recognize in Future Years	Percent Remaining
2006	\$ 476,286	\$ 0	0%
2007	438,492	438,492	20%
2008	(3,030,663)	(6,061,326)	40%
2009	1,365,868	4,097,604	60%
2010	<u>226,771</u>	<u>907,088</u>	80%
Total	\$ (523,246)	\$ (618,142)	

Expected actuarial value of assets 12/31/2010	\$ 40,497,298
Gain/(Loss) recognized	<u>(523,246)</u>
Preliminary Actuarial Value of assets	\$ 39,974,052
Market Value of assets	\$ 39,355,910
Actuarial Value of assets – 20% Corridor	\$ 39,974,052

Asset Values since 1995



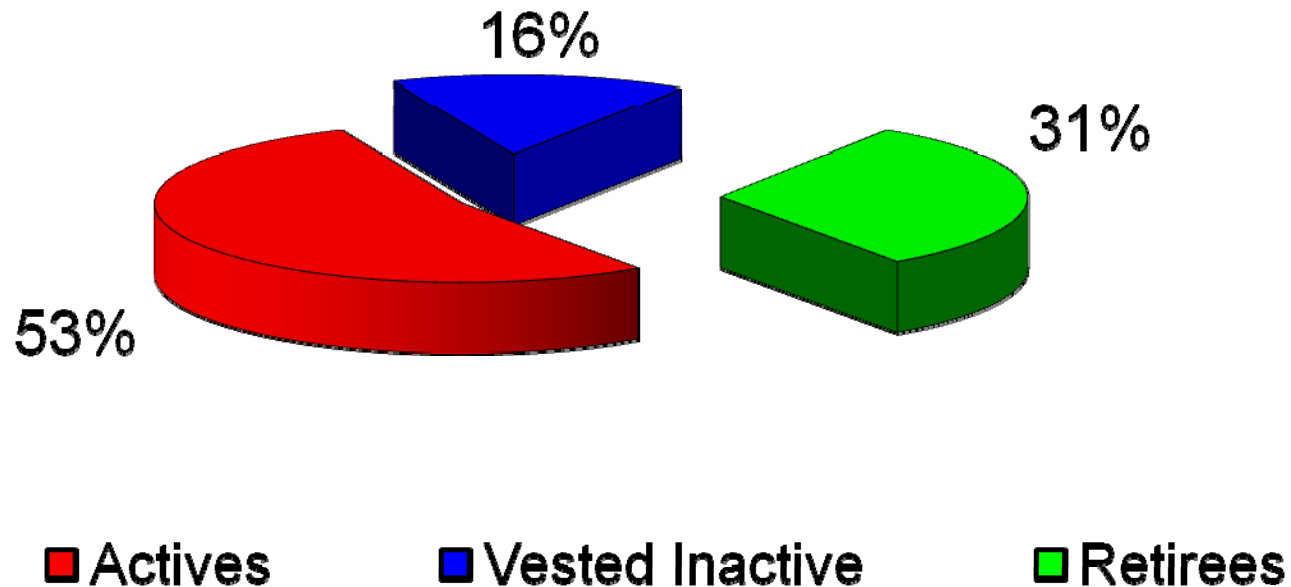
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Actuarial Methods

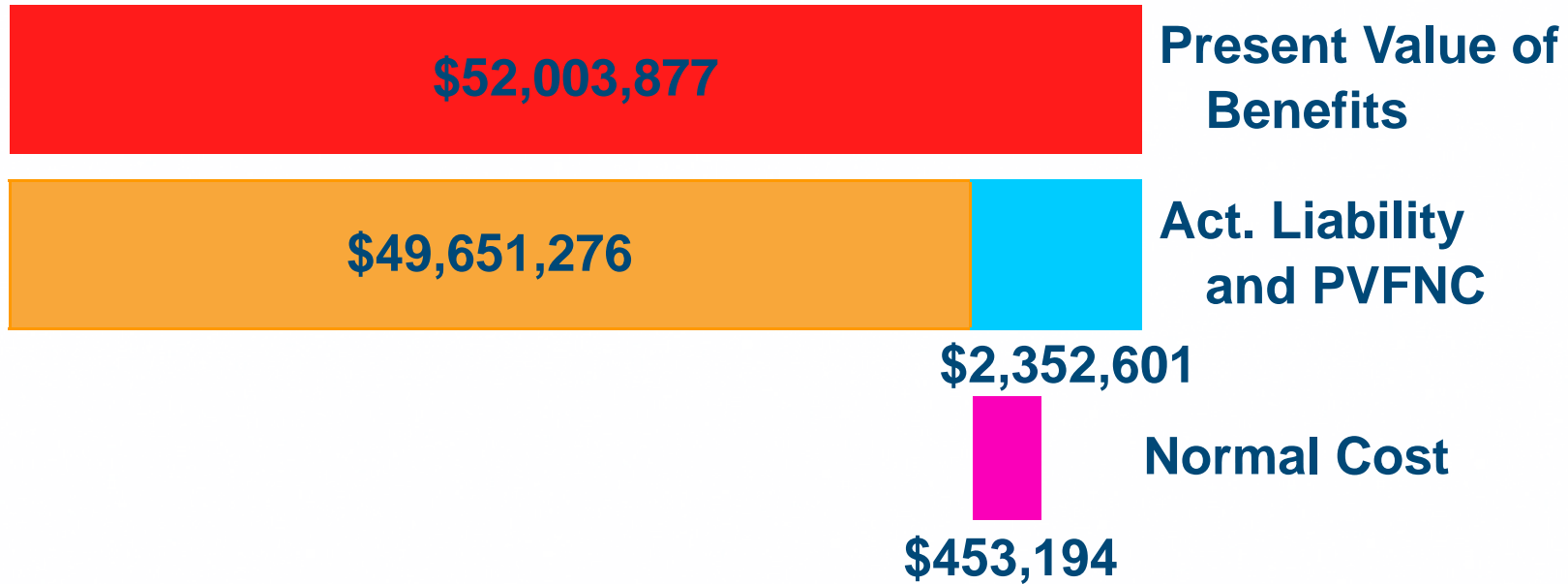
- Actuarial Cost Method – Entry Age Normal Method
- Asset Valuation Method - 5-year smoothing
- Annual Required Contribution (ARC)
 - ⇒ Normal Cost
 - ⇒ + Amortization of UAL
 - ⇒ + Average expenses (\$29,265)

Cost Method - Liabilities

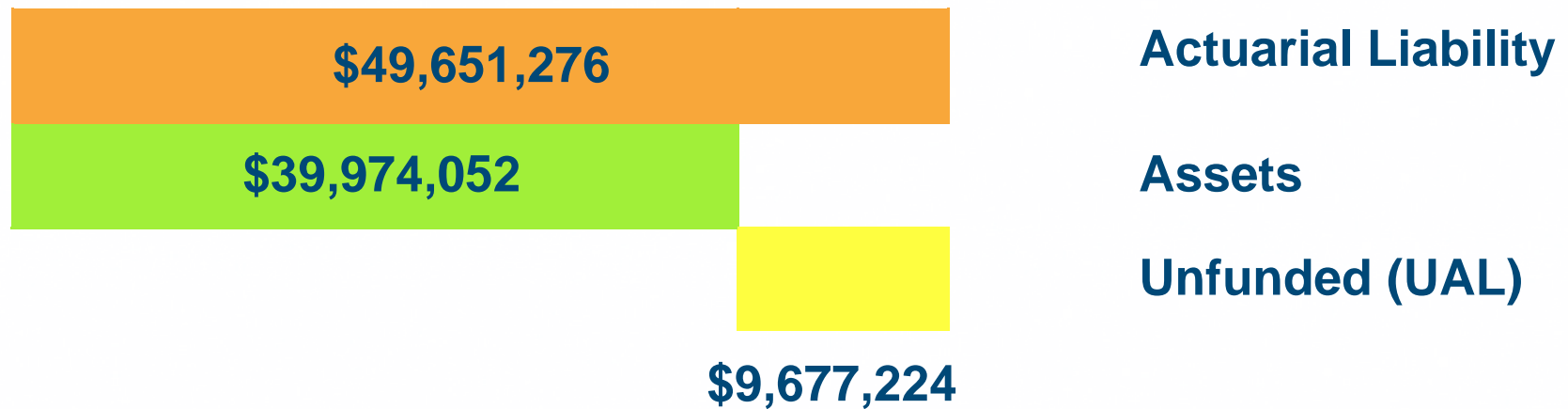
Actuarial Liability



Entry Age Normal Cost Method



Entry Age Normal Cost Method



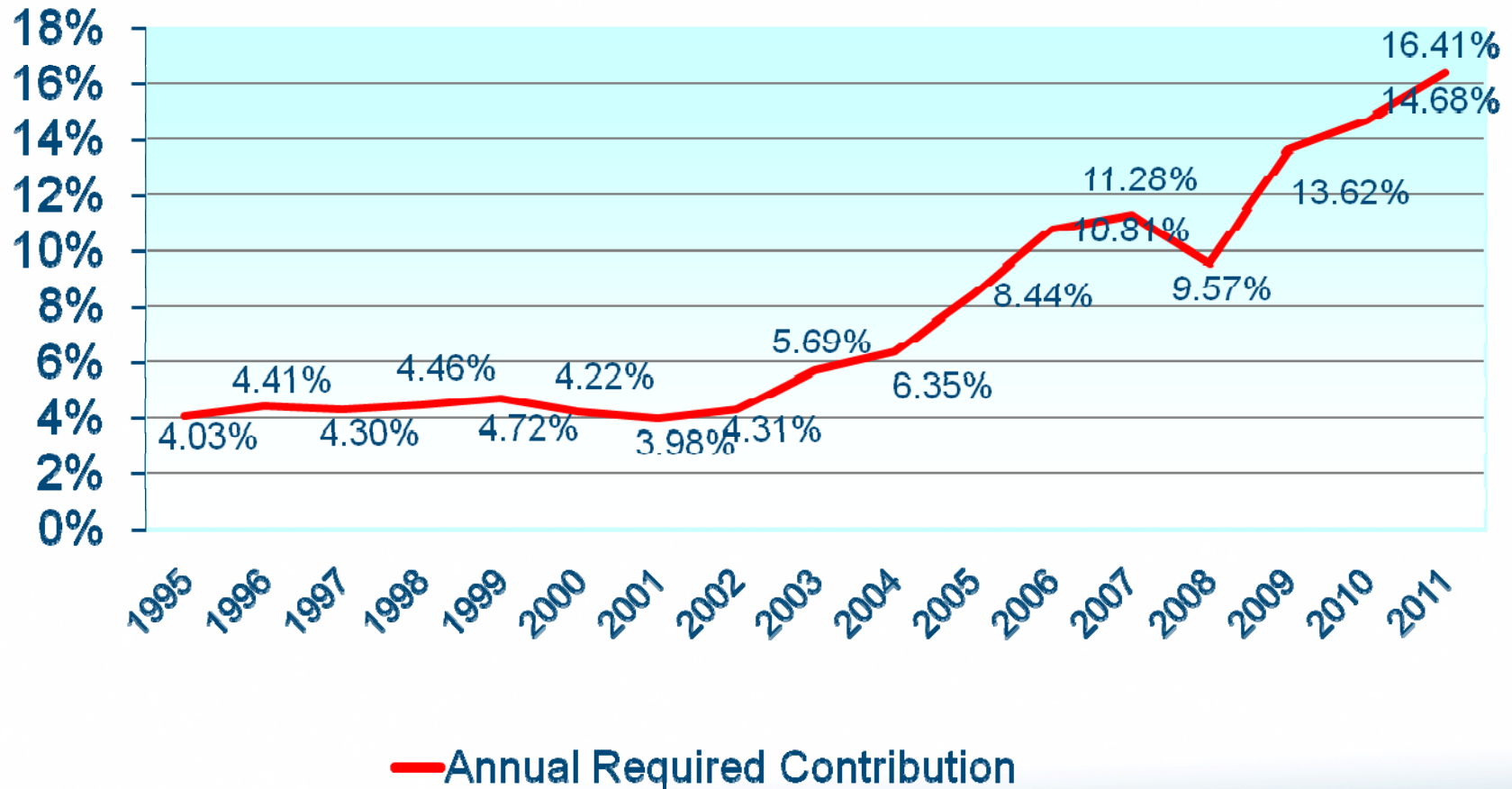
Gain/Loss

1. Expected UAL, 1/1/2011	\$	9,963,715
Changes:		
2. Asset (gain)/loss	\$	523,246
3. Salary change different than assumed		(807,838)
4. Mortality Experience		(264,142)
5. Retirement and other terminations		(140,626)
6. Other demographic		391,757
7. Plan Change		(770,997)
8. Change in Mortality Assumption		1,259,053
9. Change in Form of Payment Assump.		<u>(476,944)</u>
10. Total	\$	(286,491)
11. Actual UAL, 1/1/2011	\$	9,677,224

Calculation of Annual Required Contribution (ARC) 1/1/2011

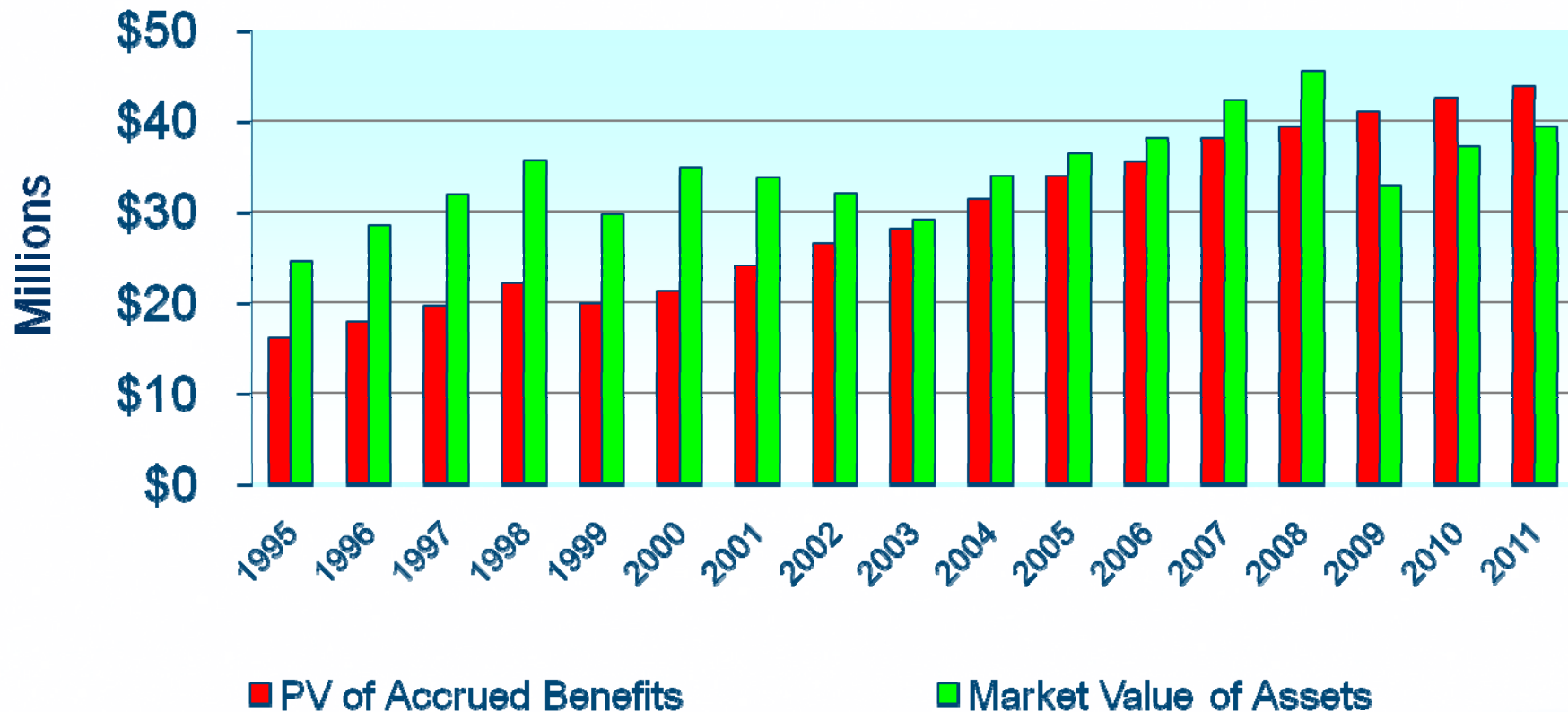
1. Present Value Projected Benefits	\$ 52,003,877
2. Present Value of Future Normal Costs	<u>2,352,601</u>
3. Actuarial Liability (1 – 2)	\$ 49,651,276
4. Actuarial Value of Assets	39,974,052
5. Unfunded Actuarial Liability (3 – 4)	\$ 9,677,224
6. Normal Cost	\$ 453,194
7. 12-Year Amortization of UAL	1,163,768
8. Expenses	<u>29,265</u>
9. ARC	\$ 1,646,227
10. ARC – Mid-Year	\$ 1,706,844

Annual Required Contribution



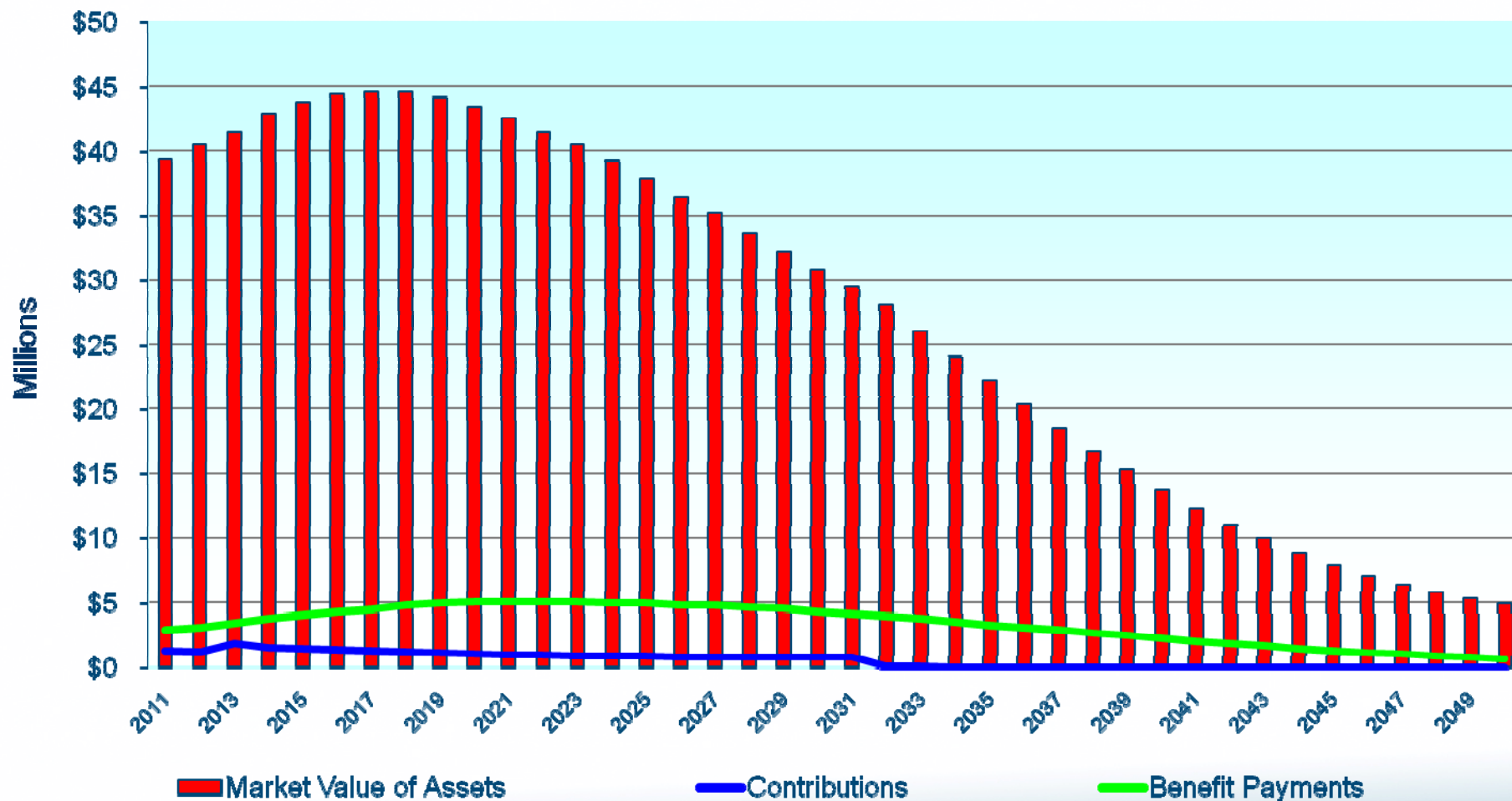
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Comparison of Assets and Present Value of Accrued Benefits



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



Assumes Market Value of Assets earns 7.5% per annum, and contributions are 10.5% of compensation. Includes excess contributions of \$232,000 for 2011-2012, \$967,000 for 2013 and \$740,000 for 2014-2031.

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

Year	Market Value	Expected Contribution	Benefit Payment	Year	Market Value	Expected Contribution	Benefit Payment
2011	39,355,910	1,293,413	2,954,979	2031	29,448,915	783,478	4,165,565
2012	40,553,366	1,217,418	3,101,475	2032	28,118,306	37,571	3,998,314
2013	41,609,797	1,873,451	3,472,468	2033	26,087,546	27,917	3,818,203
2014	43,041,189	1,542,942	3,822,047	2034	24,081,328	19,691	3,583,701
2015	43,874,344	1,449,401	4,092,216	2035	22,159,406	16,301	3,329,951
2016	44,392,637	1,367,099	4,340,358	2036	20,353,088	14,744	3,150,232
2017	44,606,967	1,281,337	4,496,172	2037	18,596,139	11,722	2,960,202
2018	44,586,737	1,200,340	4,775,512	2038	16,901,439	7,064	2,762,536
2019	44,191,139	1,128,944	4,946,555	2039	15,279,882	3,501	2,525,801
2020	43,514,341	1,056,532	5,007,380	2040	13,778,625	2,247	2,294,409
2021	42,648,549	997,372	5,025,741	2041	12,403,541	2,046	2,101,059
2022	41,637,395	958,919	5,009,437	2042	11,125,719	1,054	1,891,127
2023	40,527,425	924,111	5,032,410	2043	9,968,835	0	1,699,743
2024	39,274,260	893,969	4,949,873	2044	8,922,652	0	1,507,317
2025	37,981,467	867,794	4,944,346	2045	7,997,647	0	1,335,889
2026	36,570,292	850,687	4,788,135	2046	7,181,124	0	1,177,263
2027	35,197,599	833,722	4,771,177	2047	6,467,936	0	1,031,789
2028	33,721,948	821,274	4,610,373	2048	5,852,188	0	899,553
2029	32,289,542	806,016	4,547,851	2049	5,327,454	0	780,265
2030	30,798,742	792,908	4,291,097	2050	4,887,126	0	673,500

Assumes Market Value of Assets earns 7.5% per annum, and contributions are 10.5% of compensation.
Includes excess contributions of \$232,000 for 2011-2012, \$967,000 for 2013 and \$740,000 for 2014-2031.