Final

City of Greenville
Firemen's Pension Fund

Revised Report as of July 1, 2009
for the Plan Year Ending June 30, 2010
And for the Fiscal Year Ending June 30, 2010

SHDR

A division of BB&T

City of Greenville
Firemen's Pension Fund

Revised Funding Report as of July 1, 2009
For the Plan Year Ending June 30, 2010
And For The Fiscal Year Ending June 30, 2010

Actuarial Valuation

Board of Directors
Greenville Fire Department
City Hall
206 South Main Street
Greenville, SC 29601

Gentlemen:

Stanley, Hunt, DuPree & Rhine have prepared this revised actuarial review for The City of Greenville Firemen's Pension Fund as of July 1, 2009. The financial information presented in this valuation is applicable to the twelve months ending June 30, 2010. The purpose of the review is to:

- determine the existing and projected plan liabilities for benefits earned by active, retiree, and widowed participants.
- determine the sufficiency of current funding levels and investment returns.
- provide disclosures which can be utilized to meet all of the requirements of the Government Accounting Standards Board Statements relating to the Pension Fund.

The revision reflects:

- the decision of the Board of Directors, with approval from the City of Greenville, to base the Plan's accounting cost on 30 years (rather than 10 years) amortization of the Plan's Unfunded Liability effective July 1, 2009.
- corrections to Members' Annual Earnings for the year ending June 30, 2009 from that previously provided.

The Table of Contents following this letter outlines the text and tables included in this report.

The information contained herein is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.

Sincerely,
Stanley, Hunt, DuPree & Rhine, Inc.

Traci B. Pennell

Traci B. Pennell, CMFC, QKA, QPA
Vice President and Consultant
(864) 527-0651

Paul B. Burdulis, ASA, FCA, MAAA
Senior Vice President and Consulting Actuary
(864) 527-0630

TBP: PBB
Attachments

Table of Contents

Introduction

In this section, the basis of the valuation is presented and described. This information - the provisions of the plan and census of participants - is the foundation of the valuation, since these are the present facts upon which benefit payments will depend.

The valuation is based upon the premise that the plan will continue in existence, so that future events must also be considered. These future events are assumed to occur in accordance with the actuarial assumptions and concern such events as the earnings of the fund, the number of participants who will remain to retirement, their ages at retirement and expected benefits.

The actuarial assumptions and methods that have been adopted by the Plan sponsor are described in this section. Based on the approval from the City of Greenville effective July 1, 2009, the amortization period has been increased to 30 years.

Summary of Plan Provisions

Effective Date

June 25, 1946

Eligibility Requirements

All regular employees of the Fire Department hired prior to the attainment of age 35 are eligible for benefits provided by this plan.

Contributions by Participating Employees

Participating employees contributed initially at the rate of 1% of salary. Salary deductions were increased, effective July 1, 1952, to 3% of salary. Deductions remained at this level until June 24, 1975 when they were raised to the current level of 5.775% of salary. Beginning in the 1997 plan year, the City offered to pay 4% of the State-directed contribution level, so that the net rate is now 1.775%.

Contributions from Other Sources

The following sums are also paid into the Fund:

1. Any money, real estate, personal property or other assets made available by gift, devise or bequest;
2. All forfeitures and fines imposed upon any member of the Department by way of discipline;
3. All proceeds from sales of condemned or discarded personal property and equipment in use by the Department;
4. The income from any tax levy imposed by the City Council in order to supplement or support this fund.

The City currently contributes 19.425% of participating payroll.

Summary of Plan Provisions (continued)

Service Retirement Benefits

A member who has attained age 55 and completed at least 25 years of service may retire with a monthly benefit equal to 50% of his monthly compensation at the time of his retirement. For each year of service in excess of 25 years, an additional 2% of final compensation will be provided. In no event will more than 35 years of service be considered for the purpose of benefit determination. An adjustment of up to 6% of the percentage of benefit will be added to the benefit calculation to reflect accrued general leave time.

Disability Retirement Benefits

1. Line of Duty Disability

   A member who incurs a disability while engaged in the performance of his duty will be retired with a monthly benefit equal to 50% of his monthly compensation at the time of his disability.

2. Disability Other Than in Line of Duty

   a. A member who becomes disabled other than in the line of duty after the completion of 10 years of service will be retired with a monthly benefit equal to one-third of his monthly compensation at the time of disability.

   b. A member who becomes disabled other than in the line of duty after the completion of 20 years of service will be retired with a monthly benefit equal to one-half of his monthly compensation at the time of disability.

Summary of Plan Provisions (continued)

Death Benefits

1. Upon the death of a retired member, the lawful widow will receive a monthly benefit equal to one-half of the benefit which the member was receiving, plus a lump sum of $200. Such monthly benefit shall continue during her lifetime regardless of whether she remarries.

2. Upon death of an active member, the lawful widow will receive a monthly benefit equal to one-half of the member's monthly salary at the time of his death, plus a lump sum of $200. Such monthly benefit shall continue during her lifetime regardless of whether she remarries.

3. If in the case of (1) or (2) above there is no lawful widow, the monthly benefits shall be paid to the surviving children until the youngest child attains age 18.

4. In the case of (2) above, the designated beneficiary may elect to take a refund of the member's contributions with 4% interest thereon in lieu of any monthly pension.

5. The minimum widow's benefit is $750 per month.

Withdrawal Benefits

A member who leaves the service of the Fire Department prior to becoming eligible for retirement benefits shall be entitled to a refund of his contributions plus four percent interest.

Members have a vested interest in their accrued benefits from the retirement plan of fifty percent after ten years of service. For each year of service beyond ten years, a member shall be entitled to an additional ten percent. A member becomes one hundred percent vested in his accrued retirement benefit after the completion of fifteen years of service.

A member's accrued retirement benefit will be based on earnings at the time of termination and will be prorated based on the number of years of actual service at date of termination to the total number of years of service anticipated at retirement age. For this purpose, retirement age is the later of age 55 and completion of 25 years of service. In lieu of a monthly pension, a vested participant may elect upon termination to take a refund of his contributions with 4% interest.

Actuarial Assumptions

Development of Actuarial Assumptions

In determining costs for a retirement program, it is necessary to make certain assumptions as to the expected future experience that will take place within the program. These assumptions include the rates of mortality to be experienced by both the active, retired and widowed plan participants, the rates of termination of employment prior to retirement, the rates at which plan participants can be expected to take disability retirement, the age at which retirement will actually occur, the rates at which salaries will increase, the rate of investment return to be earned by the fund and the expenses to be incurred. The ultimate cost of any given retirement plan will depend upon actual plan experience.

It is possible to derive actuarial assumptions from the experience of the group under consideration. This is most often the case in very large groups. For plans of this size, the assumptions are best determined from the experience of similar groups, and standard published tables are available which can be used. Changes to assumptions will be considered when actual experience differs substantially and when estimates for the future suggest these changes.

Actuarial Assumptions (continued)

1. Actuarial Assumptions for Valuation of Liabilities

   a. Mortality Rate: GAM 83 - Sex Distinct

   b. Disability Rate: The following are examples of the probability that a participant will become disabled within one year. A disabled mortality assumption is also utilized. Duty-related disabilities are assumed to be 50% of all disabilities.

Age	Percentage
25	0.068%
40	0.230%
55	1.176%

   c. Withdrawal Rate: The following are examples of the probability that a participant will terminate within one year for reasons other than death.

Age	Percentage
25	7.72%
40	5.15%
55	0.94%

   d. Salary Scale: Assumes salaries increase at 4% per year. Below is the ratio of salary at normal retirement to salary at the following ages:

Age	Percentage
25	324%
40	180%

   e. Rate of Retirement: Assumed 50% retire each year following attainment of age 55 or the completion of 35 years of service, if later, but not beyond age 62.

   f. Interest Rate:
      Pre-Retirement: 7.0%
      Post-Retirement: 7.0%

   g. Marriage: It is assumed that 75% of the actives are married at death or retirement with spouses that are three years younger.

   h. Other: The inclusion of accrued general leave in the benefit calculation is assumed to increase retirement benefits by 4%.

2. Actuarial Assumptions for Valuation of Assets
   Assets are carried at Market Value for valuation purposes.

Actuarial Cost Method

Description of Valuation Method

The valuation method used is known as the Projected Unit Credit Method. The method divides the cost of funding benefits into two parts: normal cost and past service liability. Normal cost is the present value of the projected normal retirement benefit divided by a participant's total service. Past service liability is the present value of the projected retirement benefit multiplied by the ratio of past service over total service. If the past liability were fully funded, the total annual cost would be normal cost.

Because liabilities under a pension plan are based on actuarial assumptions (mortality, investment return, etc.) which will never precisely coincide with actual experience, variations known as actuarial gains and losses will occur, determined each time an actuarial valuation of the plan is made. Such gains or losses are a component of the unfunded liability and are amortized to determine the recommended contribution.

Effective July 1, 2009, the amortization cost for any Unfunded Liability as of each valuation date is determined using a 30 year amortization period.

Changes from Prior Report

1. Plan Provisions

   No Changes.

2. Actuarial Cost Method

   The amortization period has been increased to 30 years.

3. Actuarial Assumptions

   No Changes.

Summary of Plan Participants

	June 30, 2008	June 30, 2009
1. ACTIVES		
a. Number	140	140
b. Total Annual Earnings	$ 5,858,246	$ 5,965,615
c. Average Earnings	$ 41,845	$ 42,612
d. Average Current Age	40.5	40.6
e. Average Past Service	17.3	17.2
2. DEFERRED VESTED		
a. Number	6	5
b. Average Annual Deferred Pension	$ 10,070 [1]	$ 8,056
3. PARTICIPANTS IN PAY STATUS		
a. Retirees[2]	53	54
b. Surviving Widows	28	30
c. Average Annual Retiree Pension	$ 25,351	$ 27,123
d. Average Annual Widow Pension	$ 14,510	$ 13,707

[1] Excludes benefits for 2 Deferred Vested who will receive lump sums during next year.

[2] Includes 2 Disabled Retirees.

Statement of Assets

	Market Value	
	6/30/2008	6/30/2009
Assets		
Cash & Cash Equivalents	$ 6,252	$ 13,137
Net Accounts Receivable	195,432	218,658
Investments Held by Agent	33,281,975	28,574,875
Total Assets	$ 33,483,659	$ 28,806,670
Liabilities		
Accounts Payables	87	87
Total Liabilities	87	87
Net Assets	$ 33,483,572	$ 28,806,583

Statement of Income and Expenses

Net Assets at 7/1/2008			$ 33,483,572
Income			
Employer Contribution	$ 1,286,166		
Employee Contribution	117,527		
Other Contributions	142,286		
Investment Earnings	(2,192,392)		
Investment Expenses	(221,932)		
Net Appreciation of Investments	(1,884,550)		
Total Income		$(2,752,895)	
Expenses			
Pension Payments	1,907,841		
Other Expenses	16,253		
Total Expenses		1,924,094	
Net Income			(4,676,989)
Net Assets at 6/30/2009			$ 28,806,583

Plan Termination Liability

1. Assumptions

   a. Discount Rate: 7%

   b. Mortality Table:

      (1) 1983 GAM Sex Distinct

      (2) Females assumed to be 3 years younger than their spouses

      (3) All Active Participants are 100% vested

2. Present Value of Accrued Benefits	$ 34,011,302
3. Market Value of Assets	28,806,583
4. Excess Assets/(Shortfall) = (3)-(2)	$ 5,204,719

Summary of Actuarial Valuation results as of July 1, 2009

1. Present Value of Benefits		
a. Active Lives		
(1) Retirement	$ 21,473,647	
(2) Vesting	3,317,612	
(3) Death	868,938	
(4) Disability	1,630,754	
(5) Total		27,290,951
b. Deferred Vesteds		244,085
c. Retirees		14,052,593
d. Widows		3,609,008
e. Total		45,196,638
2. Present Value of Future Employee Contributions		833,238
3. Accrued Liability		
a. Active Lives		20,421,210
b. Deferred Vesteds		244,085
c. Retirees		14,052,593
d. Widows		3,609,008
e. Total		38,326,897
4. Actuarial Value of Assets		28,806,583
5. Actual Unfunded Liability / (Surplus) = [(3)-(4)]		9,520,314
6. Increase in (3) Due to Method Change	0	
7. Increase in (3) Due to Benefit Changes	0	
8. Increase in (3) Due to Assumption Change	0	
9. Expected Unfunded Liability	2,162,812	
10. Gain or (Loss) = (9)-[(5)-(6)-(7)-(8)]		7,357,502
11. Funding Requirements		
a. Normal Cost		
(1) Retirement	551,448	
(2) Vesting	123,791	
(3) Death	27,903	
(4) Disability	50,748	
(5) Total		753,890
b. Less Expected Employee Contributions		(99,844)
c. Net Employer Normal Cost = (a)-(b)		654,046
d. Thirty Year Amortization of Unfunded Liability / (Surplus)		717,017
e. Minimum Employer Funding Requirement at beginning of Fiscal Year		1,371,063

Analysis of Results

Investment Return

During our compilation of the plan's accounting over the prior year, we determined the approximate investment return over each period. We have summarized our results below and included results for the past 20 years.

Year	Estimated Annual Rate of Return	
1989	10.8%	
1990	8.9%	
1991	12.9%	
1992	6.9%	
1993	7.9%	
Five Year Average		9.5%
1994	(2.6)%	
1995	16.3%	
6/30/1997	7.7%	
6/30/1998	8.4%	
6/30/1999	3.4%	
Five Year Average		6.5%
6/30/2000	2.4%	
6/30/2001	10.3%	
6/30/2002	6.5%	
6/30/2003	3.3%	
6/30/2004	7.7%	
Five Year Average		6.0%
6/30/2005	7.2%	
6/30/2006	4.8%	
6/30/2007	12.6%	
6/30/2008	(2.1)%	
6/30/2009	(12.9)%	
Five Year Average		1.5%
Twenty Year Average		5.8%

Analysis of Results (continued)

Actual Salary Increases

Salaries increased over the past year an average of 7.3% (4.0% was assumed), reflecting both merit and cost of living components for some participants.

Retirement

Over the prior year, three participants retired and began receiving payments from the plan one of which continues to be employed. From the retirement rate assumption, one participant was expected to retire.

Death

There was one death among active participants, two deaths were reported among retired plan participants, and one death was reported among surviving spouses. Based on the mortality assumption, there were zero deaths assumed for active participants, two deaths for the retired plan participants and one death among the surviving spouses.

Disabilities

There were no disabilities during the period. Based on the disability assumption, we expect about one disability every three years.

Terminations

Four active participants terminated or transferred before the earliest retirement age. All were paid the amount of their vested benefit. Based on the termination assumption, we expected about seven terminations.

New Participants

During the year ended June 30, 2009, eight new participants (including 1 rehire) entered the Plan. Under closed group valuation methodology, no new participants are expected.

Actuarial Gain/Loss Analysis

Total Actuarial Gain/(Loss) from 7/1/2008 through 6/30/2009		$ (7,357,502)
Components of Gain:		
· Gain on assets		
Expected assets at 7/1/2009	$ 35,453,109	
Actual assets at 7/1/2009	28,806,583	
Gain/(Loss)		$ (6,646,526)
· Gain on liabilities		
Expected accrued liability at 7/1/2009	$ 37,615,921	
Actual accrued liability at 7/1/2009	38,326,897	
Gain/(Loss)		$ (710,976)
Aggregate Gain /(Loss)		$ (7,357,502)

Government Accounting Standards Board's (GASB) Statement No. 27

A. Annual Pension Cost for Fiscal Year ending 6/30/2009

1. Annual Required Contribution	$ 1,085,538
2. Interest on Net Pension Obligation (Asset)	(291,988)
3. Amortization of Net Pension Obligation (Asset)	574,138
4. Annual Pension Cost = (1)+(2)-(3)	$ 1,367,688

B. Net Pension Obligation (Asset) as of 6/30/2009

1. Net Pension Obligation (Asset) at Beginning of Year	$ (4,171,255)
2. Actual Employer Contribution (including other contributions)	1,428,452
3. Annual Pension Cost	1,367,688
4. Net Pension Obligation 6/30/2009 = (1)-(2)+(3)	$ (4,232,019)
5. Increase/(Decrease) in NPO from Beginning of Period	$ (60,764)

C. Basic Information

1. Amortization Method: Level Dollar
2. Amortization Period: 10 years (30 years effective for the fiscal years after 6/30/2009)
3. Amortization Period: Closed Method
4. The employer funding policy is based upon a 1974 City Ordinance (as subsequently modified) that requires an employer contribution of 19.425% of participating payroll. Employee contributions are mandatory at 1.775% of compensation. Contributions are assumed to be made uniformly throughout the year.

GASB Statement No. 27 (continued)

D. Trend Data [3]

	Fiscal Year Ending		
	6/30/2010	6/30/2009	6/30/2008
1. Valuation Date	7/1/2009	7/1/2008	7/1/2007
2. Actuarial Value of Assets	$ 28,806,583	$ 33,483,572	$ 34,503,397
3. Actuarial Accrued Liability	38,326,897	36,621,496	34,400,161
4. Unfunded Actuarial Accrued Liability / (Surplus)	9,520,314	3,137,924	(103,236)
5. Assets as % of Actuarial Accrued Liability	75.2%	91.4%	100.3%
6. Annual Covered Payroll	5,965,615	5,858,246	5,772,974
7. Unfunded Actuarial Liability as % of Payroll	159.6%	53.6%	(1.8)%

E. Development of Pension Cost for fiscal year ending 6/30/2010

1. Annual Required Contribution	$ 1,418,238
2. Interest on Net Pension Obligation	(296,241)
3. Amortization of Net Pension Obligation	(329,700)
4. Pension Cost = (1)+(2)-(3)	$ 1,451,697

Age and Service Distribution

[3] See July 1, 2008 valuation report for information related to Fiscal Year ending June 30, 2007

Schedule of Active Participant Data

	Completed Years of Service											
	< 1 Yr.		1-4 Yrs.		5-9 Yrs.		10-14 Yrs.		15-19 Yrs.		20-24 Yrs.	
Age Group	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
0-24	3	7,261	7	31,160	2	33,988	0	0	0	0	0	0
25-29	3	15,084	10	29,663	7	34,432	0	0	0	0	0	0
30-34	1	7,358	3	31,612	6	34,788	4	39,255	0	0	0	0
35-39	0	0	0	0	4	34,102	3	38,066	4	40,602	0	0
40-44	0	0	0	0	0	0	0	0	8	42,619	17	44,484
45-49	0	0	0	0	0	0	1	38,772	5	42,750	9	47,790
50-54	0	0	0	0	0	0	0	0	1	46,163	2	47,773
55-59	0	0	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0
Total	7	10,628	20	30,479	19	34,428	8	38,748	18	42,404	28	45,781

	Completed Years of Service										
	25-29 Yrs.		30-34 Yrs.		35-39 Yrs.		40 Yrs. +		Total		
Age Group	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	
0-24	0	0	0	0	0	0	0	0	12	25,656	
25-29	0	0	0	0	0	0	0	0	20	29,146	
30-34	0	0	0	0	0	0	0	0	14	33,424	
35-39	0	0	0	0	0	0	0	0	11	37,546	
40-44	3	51,025	0	0	0	0	0	0	28	44,652	
45-49	12	54,186	1	63,491	0	0	0	0	28	49,870	
50-54	7	53,836	11	59,871	3	62,223	0	0	24	56,826	
55-59	0	0	1	50,342	1	58,880	0	0	2	54,611	
60-64	0	0	0	0	0	0	1	74,261	1	74,261	
65-69	0	0	0	0	0	0	0	0	0	0	
70+	0	0	0	0	0	0	0	0	0	0	
Total	22	53,644	13	59,417	4	61,387	1	74,261	140	42,612	