Interdepartment
Correspondence Sheet

City of Cincinnati

June 29, 2005

To: Mayor and Members of City Council

From: William E. Moller, Secretary, Cincinnati Retirement System Board of Trustees

Cc: Valerie A. Lemmie, City Manager

Subject: 2003 and 2004 Actuary Reports

At its meeting on June 7, 2005 the Board of Trustees of the Cincinnati Retirement System approved the attached motion to provide the amounts certified by the actuary for the employer contribution to the retirement system.

The actuary report establishes a contribution rate two years hence. In other words, the 2003 report establishes the contribution rate for 2005 and the 2004 report establishes the contribution rate for 2006. Summary pages are attached and the full reports are available in the Finance Department, Retirement Division, upon request.

The Board approved the 2003 report at its April 7, 2005 meeting. The normal schedule would have been for approval by May 2004; however, because of the consideration of plan changes, the approval was delayed. The delay resulted in the 2005 contribution and rate not being available until after the 2005 budget was approved. The board approved the 2004 report at its June 7, 2005 meeting. The 2004 report provides the actuarial contribution and rate for consideration for 2006 budget development.

The employer actuarial rate (normal contribution rate and accrued liability rate) for 2005 is 23% of payroll and the employer actuarial rate (normal contribution rate and accrued liability rate) for 2006 is 24.9% of payroll. The City's budgeted rate for both years is 11%, which was approximately the actuarial rate for 2004. Based on the actuarial rates, the City contribution difference for 2005 is approximately $19.8 million and for 2006 is approximately $21.4 million. The Municipal Code, Section 203-93, **Total Employer Contribution Payable to the Fund**, requires that the employer contribution shall not be less than the normal contribution rate and the accrued liability rate (see attachment to the motion).

Please note that the board has passed a motion at its April 7, 2005 meeting regarding plan changes that it would:

"refrain from making recommendations to Council containing changes until we have the 2005 financial report in order to have better and more accurate information before making such dramatic decisions".

The Board is available to answer questions or to provide additional information.