
CITY OF ROCHESTER HILLS

Fiscal

Julie Jenuwine, Finance Director

DATE: June 5, 2007

TO: Mayor Barnett & City Council

RE: MMRMA Net Assets Distribution

The MMRMA Board of Directors has announced that they will be performing a 'net asset distribution' in accordance with the Net Asset Policy adopted by the Board in 2006. This distribution is due to monies in excess of their actuarially derived requirement.

Each member will be receiving its share of the distribution within 30 days following its next membership renewal. The distribution to the City amounted to \$37,966 in 2006 and is expected to increase to approximately \$90,000 this year.

The allocation of the distribution among members is based on calculations that take the following into account:

- Years of continuous MMRMA membership - primary factor
- Prior years' general fund contributions – members that paid higher contributions receive a proportionately higher share than those members with smaller contributions
- Loss experience – modifier is applied to enhance the amounts distributed to members with favorable loss experience and reduce the distribution amount for those with adverse losses.

The MMRMA reports that the Finance Committee will review the possibility of another 'net assets distribution' again in 2008, after the actuaries update the financial data and statistical models late this year.

Should you have any questions or concerns regarding this matter, please feel free to contact me.