

CITY OF YPSILANTI

**ACCOUNTING FOR POST EMPLOYMENT
BENEFIT PLANS UNDER GASB #45
AS OF JUNE 30, 2017 FOR
FISCAL YEAR ENDING JUNE 30, 2017**

OCTOBER 2017



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SECTION ONE: BACKGROUND

SUMMARY OF PRINCIPAL RESULTS

MWM Consulting Group was retained to prepare an actuarial valuation of the City of Ypsilanti's retiree health programs for the purpose of determining the expense and liabilities to be reported on the City's financial statement for the fiscal period ending June 30, 2017. Key results of the valuation are summarized below, along with selected results from the prior year for comparison.

This report contains the information required for the 2017 fiscal year end in compliance with

- GASB Statements Nos. 43 and 45 for purposes of determining annual OPEB expense and
- Under GASB Statements Nos. 43, 45 for purposes of disclosure

At the end of fiscal 2017 the Net OPEB Obligation as calculated under GASB 45 is \$87,463, and is the number to be reported on the financial statements as of June 30, 2017.

Actuarial Values	June 30, 2017	June 30, 2015
Actuarial Accrued Liability as of 6/30	\$ 22,037,740	\$ 17,973,717
Value of Assets as of 6/30	\$ 6,412,638	\$ 4,151,206
Unfunded Actuarial Accrued Liability	\$ 15,625,102	\$ 13,822,511
Normal Cost as of 6/30	\$ 311,479	\$ 233,334
Amortization of Unfunded Actuarial Accrued Liability	\$ 1,123,503	\$ 1,136,868
Annual Required Contribution	\$ 1,434,982	\$ 1,370,202
Census		
Actives	82	83
Retirees	<u>139</u>	<u>136</u>
Total	221	219
Annual Payroll	\$ 4,499,309	\$ 4,615,356

Accounting Values	June 30, 2017	June 30, 2016 (interim)
OPEB Cost	\$ 1,434,672	\$ 1,277,984
Employer Contributions	\$ 1,392,235	\$ 1,208,716
Net OPEB as of 6/30	\$ 87,463	\$ (34,740)



SECTION ONE: BACKGROUND

NEW ACCOUNTING STATEMENTS EFFECTIVE 2018

This is the last year in which statement GASB 43/45 calculations and schedules, will apply. For the 2018 fiscal year, GASB 74/75 statement will apply for OPEB plans such as the Ypsilanti program. GASB 74/75 requires supplemental schedules which show the Net Fiduciary Position (market assets), Total OPEB Liability (Accrued Liability) and Net OPEB Liability (liability less assets).

For this fiscal year ending June 30, 2017, the OPEB expense will be reported under GASB 43/45 and the disclosure information will be reported under both GASB 43/45. Next fiscal year, the City's OPEB expense will be calculated under GASB 74/75 and GASB 43/45 will no longer apply. A separate exhibit illustrating the impact of GASB 74/75 has been prepared outside of this report.

RETIREE MEDICAL PLAN

The City sponsors life insurance and health benefit plans for employees and retired former employees. The provisions of the programs are summarized in the appendices of this study, but in general, the City subsidizes a portion of the cost for hospital and medical coverage for eligible retired employees and their dependents. The subsidy is both a direct contribution for certain eligible employees and an implied age-related cost differential based upon the expected higher cost of coverage for retired employees versus the average cost for the entire group.

FUNDING VERSUS ACCOUNTING

Accounting standards effect the definition, measurement and allocation of liabilities and expenses that are published by employers in their annual financial statements. The accounting statements require employers to accrue costs on their books, but do not require employers to make contributions.

Accounting liabilities under GASB standards are impacted by the level of employer funding. In general, pre-funded programs earn investment income on accumulated assets which pay as you go programs do not. The investment income from pre-funded plans lowers the amount of contributions required from the employer and is reflected and anticipated in the accounting liabilities via the assumed rate of return (discount rate).

ACCRUAL AND FUNDING PATTERNS

An employee hired at age 20 will not begin to receive retiree health benefits for decades, although the employee earns these benefits during his working years, before retirement. The employee earns, or accrues these benefits over his working lifetime, and receives the benefits during retirement. An employer with young employees and no retirees has no cash disbursements for retiree health benefits for many years, although the obligation for these benefits begins to accumulate with the first employee. Putting more money aside than will be paid out currently in anticipation of payouts in the future is called pre-funding an obligation. Whereas making payments only as each benefit amount comes due is called pay-as-you-go or terminal funding.

Systematic prefunding patterns for retirement benefits are developed according to various actuarial methodologies, which can call for increasing, decreasing or level patterns of annual contributions depending upon the demographics of the group and the financial considerations of an employer.

ACTUARIAL FUNDING METHOD

Under GASB 43/45 the Annual Required Contribution (ARC) can be determined under any of six acceptable actuarial methods defined under the GASB standards. For this report, liabilities and annual costs were developed under the most common actuarial methodology – *the entry age normal method*. This method is currently used



SECTION ONE: BACKGROUND

for many governmental pension plans and is a fairly stable method that is consistent with level percentage of payroll funding. For GASB 74, only the Entry Age normal method is acceptable for computing annual expense and year end liabilities. However, the GASB 43/45 ARC methodology options are acceptable as methods for determining the annual contribution to the Plan, denoted in GASB 74/75 parlance as the Actuarially Determined Contribution.

The City's Policy is to contribute the ARC determined under the entry age normal method with a 30-year amortization of the unfunded on a level dollar basis. The ARC then, is the Actuarially Determined Contribution amount under the Policy.

SUBSTANTIVE PLAN (BENEFIT PLAN PROVISIONS)

Under GASB, the benefit program to be valued is referred to as the Substantive Plan, which may or may not be set forth in a written document, but which includes the benefits which are understood by the employer, employees and other participants to be provided for under the program.

The City's retiree medical plan provides continuation of employer subsidized health coverage (for the retiree and their dependents, if any) upon the retirement from the City after meeting the age and service requirements for retirement.

DATA

The calculations in this report are based upon data submitted by City for active and retired employees and their dependents.

CLAIMS COSTS

The costs of the benefit programs measured were based upon the premium rates and costs in effect at June 30, 2017.

GASB STATEMENT 43 45 VALUATION COMPONENTS

The Statement requires several measurements. An **Actuarial Accrued Liability (AAL)** must be calculated and an **Annual Required Contribution (ARC)** must be developed. The Actuarial Accrued Liability is the portion of the total actuarial present value of plan benefits which is allocated (based upon the Actuarial Cost Method) to prior periods and not to be provided for by future **Normal Costs**. The Normal Cost represents the portion of benefit costs assigned to the current year.

GASB 43 45 ANNUAL REQUIRED CONTRIBUTION

The Normal Cost represents the value of benefits under the Actuarial Cost Method being allocated to the valuation year. In addition to the Normal Cost, the current value of benefits attributable to accruals in prior years, the Unfunded Liability (UAL), must also be reflected. The Unfunded Actuarial Liability is the Actuarial Accrued Liability less any assets accumulated under a dedicated trust or fund for payment of the retiree health plan benefit liabilities. Under the GASB rules, the Unfunded Actuarial Liability costs may be amortized (spread) over a period of years not to exceed 30 years.

The Annual Required Contribution (ARC) is the sum of the Normal Cost for the valuation year, plus the Amortization Payment Cost of the Unfunded Accrued Liability.



SECTION ONE: BACKGROUND

ACCOUNTING VALUATION

This accounting valuation is determined for the sole purpose of meeting Plan and employer financial accounting requirements as prescribed under GASB Statements and may not be appropriate for the determination of the contribution level, the Plans' funding requirements, or for other purposes.



SECTION ONE: BACKGROUND

ACTUARIAL CERTIFICATION

This is to certify that MWM Consulting Group has prepared an Actuarial Valuation of the Plan as of June 30, 2017 for the primary purpose of providing financial accounting information required for compliance with GASB Statement Nos. 43, and 45. The results of this valuation have been prepared in conformance with our understanding of the relevant provisions of the those GASB Statements.

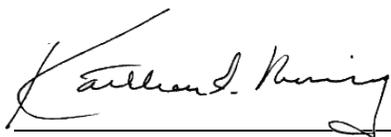
The information and valuation results shown in this report are prepared with reliance upon information and data provided to us, which we believe to the best of our knowledge to be complete and accurate and include:

- Employee census data submitted by the City. This data was not audited by us but appears to be consistent with prior information, and sufficient and reliable for purposes of this report.
- Financial and insurance data submitted by the City
- Statutory code provisions and Plan summaries as supplied by the City

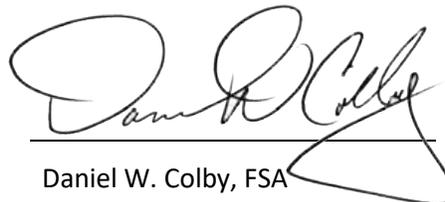
Actuarial valuations involve calculations that require assumptions about future events. We believe the assumptions and methods used are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. Results shown in this report could be materially different from the actual outcome if actual plan experience differs from the assumptions used.

In our opinion, all methods, assumptions and calculations are in accordance with requirements of GASB Statements Nos. 43 and 45, and the procedures followed and presentation of results are in conformity with generally accepted actuarial principles and practices. The undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. There is no relationship between the City and MWM Consulting Group that impacts our objectivity.

MWM CONSULTING GROUP



Kathleen E Manning, FSA
Managing Principal & Consulting Actuary
MWM Consulting Group



Daniel W. Colby, FSA
Consulting Actuary
MWM Consulting Group

11/7/2017

Date



SECTION TWO: RESULTS AND ANALYSIS

Liabilities are summarized by participant status (active-fully eligible, active not yet eligible, retired) and certificated/non-certificated categories.

Closed Group Valuation

This valuation has been prepared on a closed group valuation basis, meaning only the existing population has been considered.

Change in Assumptions

The mortality table was change to the RP2000 table with mortality improvements projected to 2017. The discount rate was changed to 6.5% from 8.0%.

Substantive Plan

Under GASB, the benefit program to be valued is referred to as the Substantive Plan, which may or may not be set forth in a written document, but which includes the benefits which are understood by the employer, employees and other participants to be provided for under the program.

The City's retiree medical plan provides continuation of employer subsidized health coverage (for the retiree and their dependents, if any) upon the retirement from the City after meeting the age and service requirements for retirement.

Actuarial Cost Method

The Annual Required Contribution (ARC) and actuarial accrued liabilities were developed under the Entry Age Normal method.

Annual Required Contributions

The ARC for the 2017 fiscal year is \$1,434,981 (31.9% of payroll) based upon the June 30 valuation date. The ARC can be compared with the related actual cash outlay on a pay as you go basis. The annual expected pay-as-you-go cost as of the valuation date is approximately \$1,230,438 (27.3% of payroll) versus the ARC amount of 31.9% of payroll.

Exhibits

Exhibits 1, 2 and 3 display liability amounts and selected valuation results including the Annual Required Contribution amounts.

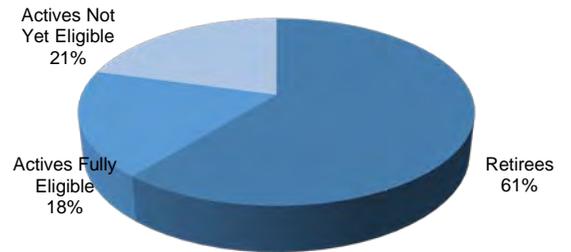


Exhibit 1

Present Value of Future Benefits
as of June 30, 2017 for
Fiscal Year Ending June 30, 2017

By Employee Status

Retirees	\$	14,866,401
Actives Fully Eligible		4,470,844
Actives Not Yet Eligible		5,058,091
Total	\$	24,395,336



By Category

MERS	\$	8,015,399
Police		9,087,294
Fire		7,292,643
Total	\$	24,395,336

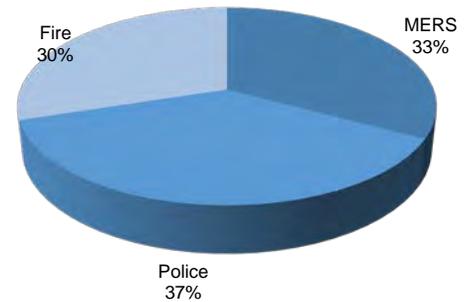
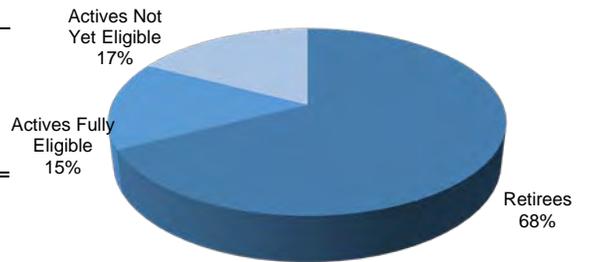


Exhibit 2

Actuarial Accrued Liability (AAL)
as of June 30, 2017 for
Fiscal Year Ending June 30, 2017

By Employee Status

Retirees	\$	14,866,401
Actives Fully Eligible		3,364,693
Actives Not Yet Eligible		3,806,646
Total	\$	22,037,740



By Category

MERS	\$	7,091,451
Police		8,584,914
Fire		6,361,375
Total	\$	22,037,740

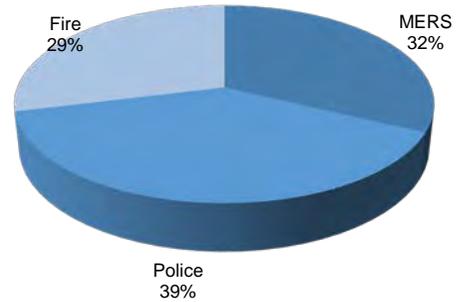


Exhibit 3

Annual Required Contribution
Summary for Fiscal Year Ending
June 30, 2017

Discount Rate: 6.50%

Health Care Trend Rates 8% in 2017 to 5.0% in 2023 and later

	MERS	Police	Fire	Total
1. Accrued Liability	\$ 7,091,451	\$ 8,584,914	\$ 6,361,375	\$ 22,037,740
2. Actuarial Value of Assets	\$ 3,128,113	\$ 2,220,861	\$ 1,063,664	\$ 6,412,638
3. Unfunded Liability (1) - (2)	\$ 3,963,338	\$ 6,364,053	\$ 5,297,711	\$ 15,625,102
4. Normal Cost	\$ 124,308	\$ 93,788	\$ 93,383	\$ 311,479
5. Amortization Payment (30 Years)	\$ 284,979	\$ 457,599	\$ 380,925	\$ 1,123,503
6. Interest on (4) and (5)	\$ 0	\$ 0	\$ 0	\$ 0
7. Annual Required Contribution (4) + (5) + (6)	\$ 409,287	\$ 551,387	\$ 474,308	\$ 1,434,982
8. Valuation Payroll	\$ 2,182,182	\$ 1,474,115	\$ 843,012	\$ 4,499,309
UAAL% of Payroll	181.6%	431.7%	628.4%	347.3%
ARC % of Payroll	18.8%	37.4%	56.3%	31.9%
Pay as you go % of Payroll	16.4%	32.0%	47.6%	27.3%



ANNUAL OPEB COST

The GASB 45 Annual OPEB Cost is the amount which is to be expensed for the period and which has these three components:

- 1) **The Annual Required Contribution Amount** which is the sum of a, b, and c below.
 - a) **Normal Cost** is the portion of the Actuarial Present Value of benefits allocated to the valuation year according to the actuarial cost method.
 - b) **Amortization of the Unfunded Actuarial Accrued Liability** is the amount to be amortized over no more than thirty years, of the excess of the Actuarial Accrued Liability over the fair value of assets, both measured at the valuation date.
 - c) **Amortization of Gains or Losses** in subsequent years, of the unfunded actuarial accrued liability which may be amortized separately or as part of the annual amortization of the unfunded actuarial accrued liability.

- 2) **The ARC Adjustment Amount**, an amount which is added / subtracted from the ARC to adjust the annual cost for amounts already accrued and reflected in the beginning of year Net OPEB Obligation. In general, the ARC Adjustment is equal to the annual amortization amount of the Beginning of Year Net OPEB Obligation.

- 3) **Interest** for the year at the valuation discount rate on the beginning of year Net OPEB Obligation.

NET OPEB OBLIGATION

The Net OPEB Obligation which is to be accrued on the financial statement is the amount of accumulated OPEB costs which remain unfunded as of the reporting date. For the first reporting period, the OPEB Cost is the ARC, and the yearend Net OPEB liability is the OPEB Cost less employer contributions. Exhibits on the following pages illustrate the calculations for each of these items.

- | | |
|------------------|---|
| Exhibit 4 | Components of Net Annual Obligation and Expense |
| Exhibit 5 | Schedule of Contributions, OPEB Costs and Obligations |
| Exhibit 6 | Schedule of Funded Status and Funding Progress |
| Exhibit 7 | Required Supplementary Information |



SECTION THREE: ANNUAL REPORTING UNDER GASB 45

Plan Description

The City provides the continuation of health care benefits and life insurance to employees, who retire from the City. Employees who terminate after reaching retirement eligibility in the plan are eligible to elect to continue their health care coverage by paying the monthly premium rate. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the City and is the basis for the OPEB obligation accounted for under GASB 45 (and subsequently under GASB 74/75).

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution. The ARC (Annual Required Contribution) represents the normal cost each year and an amount to amortize the unfunded actuarial liability over thirty years as a level dollar amount, on an open basis.

Exhibit 4 Components of Net OPEB Obligation and Expense

The following table shows the annual OPEB costs for the year, the amount contributed to the plan and changes in the net OPEB obligation. The *Net OPEB Obligation* is the amount entered as of yearend as the net liability for other post-employment benefits.

Item	Amount as of 6/30/2017			
	MERS	Police	Fire	Total
a. Annual Required Contribution	\$ 409,287	\$ 551,387	\$ 474,308	\$ 1,434,982
b. Interest on net OPEB obligation:	835	1,125	967	2,927
c. Adjustment to annual required contribution	<u>(923)</u>	<u>(1,244)</u>	<u>(1,070)</u>	<u>(3,237)</u>
d. Annual OPEB cost (expense) (a + b + c)	\$ 409,199	\$ 551,268	\$ 474,205	\$ 1,434,672
e. Contributions made	(459,892)	(411,350)	(520,993)	(1,392,235)
f. Increase in net OPEB obligation	(50,693)	139,918	(46,788)	42,437
g. Net OPEB obligation – beginning of year	12,842	17,301	14,883	45,026
h. Net OPEB obligation – end of year (f + g)	\$ (37,851)	\$ 157,219	\$ (31,905)	\$ 87,463

Exhibit 5 Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/17	\$ 1,434,672	97%	\$ 87,463
6/30/16	\$ 1,370,395	94%	\$ 45,026
6/30/15	\$ 1,277,984	95%	\$ (34,740)
6/30/14	\$ 1,278,443	94%	\$ (104,008)
6/30/13	\$ 1,279,216	89%	\$ (186,417)
6/30/12	\$ 991,286	105%	\$ (326,461)
6/30/11	\$ 990,482	96%	\$ (272,699)
6/30/10	\$ 1,193,651	102%	\$ (315,024)
6/30/09	\$ 1,192,998	124%	\$ (290,487)



SECTION THREE: ANNUAL REPORTING UNDER GASB 45

Funded Status and Funding Progress

As of June 30, 2017, the actuarial accrued liability for benefits was \$22,037,740 and the actuarial value of assets was \$6,412,638. The covered payroll was approximately \$4,499,309, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 347.3%.

Actuarial Method and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

In the actuarial valuation for the fiscal year ended June 30, 2017, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8% initially, reduced to an ultimate rate of 5% after seven years. Rates include a 2.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

Exhibit 6 Schedule of Funded Status and Funding Progress

The funded status of the plan as of June 30, 2017:

	MERS	Police	Fire	Total
1. Actuarial Accrued Liability (AAL)	\$ 7,091,451	\$ 8,584,914	\$ 6,361,375	\$ 22,037,740
2. Actuarial Value of Assets	\$ 3,128,113	\$ 2,220,861	\$ 1,063,664	\$ 6,412,638
3. Unfunded Actuarial Accrued Liability (UAAL)	\$ 3,963,338	\$ 6,364,053	\$ 5,297,711	\$ 15,625,102
4. Funded Ratio (2) / (1)	44.1%	25.9%	16.7%	29.1%
5. Covered Payroll (Active Plan Members)	\$ 2,182,182	\$ 1,474,115	\$ 843,012	\$ 4,499,309
6. UAAL as a Percentage of Covered Payroll (3) / (5)	181.6%	431.7%	628.4%	347.3%

Exhibit 7 Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll
6/30/17	\$6,412,638	\$22,037,740	\$15,625,102	29.1%	\$4,499,309
6/30/15	\$4,151,206	\$17,973,717	\$13,822,511	23.1%	\$4,615,356
6/30/13	\$3,412,331	\$15,935,506	\$12,523,175	21.4%	\$4,722,802
6/30/11	\$3,019,998	\$12,121,822	\$9,101,824	24.9%	\$5,767,671
6/30/09	\$1,414,918	\$12,430,962	\$11,016,044	11.4%	\$6,028,949



**Statements of Fiduciary Net Position
Fiscal Period Ended June 30, 2017**

Item	Plan Year Ending 6/30/2017
1. Investments at Fair Value:	
a. Cash and Cash Equivalents	\$ 1,536,193
b. General Retirees Healthcare Fund	1,504,127
c. Police and Fire Healthcare Fund	3,284,525
d. Prepaid Expenses	78,351
e. Accrued Interest and Receivables	9,442
f. Other	<u>0</u>
g. Subtotal Assets (a + b + c + d + e + f)	<u>\$ 6,412,638</u>
2. Liabilities	
a. Expenses Payable	\$ 0
b. Liability for Benefits Due and Unpaid	0
c. Other Liabilities	<u>0</u>
d. Total Liabilities	<u>\$ 0</u>
3. Net Market Value of Assets Available for Benefits: (1k-2d)	\$ 6,412,638



Statements of Changes in Fiduciary Net Position
Fiscal Period Ended June 30, 2017

Item	Plan Year Ending 6/30/2017
Additions	
Contributions	\$ 1,392,235
Investment Income	
Net Realized and Unrealized Gains/(Losses), Dividends and Other Income	\$ 392,088
Interest	6,207
Net Investment Income	<u>398,295</u>
Total Additions	<u>\$ 1,790,530</u>
Deductions	
Benefits	\$ 1,063,766
Administrative and Investment Expenses	<u>0</u>
Total Deductions	<u>1,063,766</u>
Total Increase (Decrease)	<u>\$ 726,764</u>
Net Market Value of Assets Available for Benefits:	
Beginning of Year	<u>\$ 5,685,874</u>
End of Year	<u>\$ 6,412,638</u>



SECTION FOUR: SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Actuarial Assumption Item	Annual Actuarial Valuation
<p>Actuarial Cost Method</p>	<p>The Actuarial Cost Method used in this valuation is the Entry Age Normal Actuarial Cost Method. Under this Method, a Normal Cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination, as a level percentage of pay.</p> <p>To the extent that current assets and future Normal Costs do not support participants' expected future benefits, an Unfunded Actuarial Accrued Liability ("UAAL") develops. The UAAL is amortized as a level dollar amount over 30 years on an open basis.</p>
<p>Discount (Interest) Rate</p>	<p>A discount rate of 6.5% was used.</p>
<p>Salary Increase</p>	<p>Salaries are assumed to increase at the rate of 3.0% per annum.</p>
<p>Claim Costs</p>	<p><u>Medical</u> The following monthly costs for medical and prescription drug benefits were used for all plans:</p> <p>For those not eligible for Medicare: \$934.74 For those eligible for Medicare: \$910.95</p> <p>The medical cost rates are distributed for age and sex at retirement.</p> <p><u>Dental</u> The monthly per member dental cost is \$30.00.</p> <p><u>Vision</u> The monthly per member dental cost is \$5.00.</p>
<p>Mortality</p>	<p>Probabilities of death for participants were according to the RP-2000 projected to 2017 Combined Table for Males and Females. No provision for future mortality improvements beyond the valuation date were included</p>



SECTION FOUR: SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Actuarial Assumption Item	Annual Actuarial Valuation				
Retirement	Rates of retirement are based upon age only. Rates are shown below:				
	<u>MERS</u>				
	Age	<u>F(50)</u>	<u>F(55)</u>	<u>F(N)</u>	Without <u>F(50) or F(55) or F(N)</u>
	40				22%
	41				22%
	42				22%
	43				22%
	44				22%
	45				22%
	46				22%
	47				22%
	48				22%
	49				22%
	50	22%			22%
	51	22%			22%
	52	22%			22%
	53	22%			22%
	54	24%			24%
	55	18%	18%		18%
56	14%	15%		14%	
57	16%	10%		16%	
58	18%	15%		18%	
59	18%	20%		18%	
60	20%	20%	20%	20%	
61	24%	24%	24%	24%	
62	24%	24%	24%	24%	
63	24%	24%	24%	24%	
64	27%	27%	27%	27%	
65	30%	30%	30%	30%	
66	30%	30%	30%	30%	
67	30%	30%	30%	30%	
68	30%	30%	30%	30%	
69	30%	30%	30%	30%	
70 and above	100%	100%	100%	100%	



SECTION FOUR: SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Actuarial Assumption Item	Annual Actuarial Valuation				
Retirement (cont.)	<u>Service</u>	<u>Police</u>	<u>Fire</u>		
	20	60%	50%		
	21	40%	15%		
	22	40%	15%		
	23	50%	15%		
	24	50%	15%		
	25	50%	15%		
	26	50%	15%		
	27	50%	15%		
	28	50%	15%		
	29	50%	15%		
	30	100%	100%		
Withdrawal	Representative withdrawal rates by age are:				
	<u>Age</u>	<u>Service</u>	<u>MERS</u>	<u>Police</u>	<u>Fire</u>
	ALL	0	18.00%	15.00%	8.00%
		1	18.00%	13.00%	6.00%
		2	16.00%	10.00%	5.00%
		3	12.00%	7.00%	4.00%
		4	10.00%	5.00%	3.00%
	20	5 & over	9.00%		
	30		9.00%	5.46%	2.50%
	40		5.00%	1.30%	0.60%
	50		4.00%	0.65%	0.50%
	60		3.00%	0.65%	0.50%
Disability	Sample rates by age are as follows:				
	<u>Age</u>	<u>Police</u>			
	25	0.0002			
	35	0.0006			
	45	0.0011			
	55	0.0041			
	65	0.0041			
Participation	70% of Employees and 30% of spouses were assumed to participate in the plan for all employee groups. Previously waived participants are assumed to become eligible at retirement.				



SECTION FOUR: SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Actuarial Assumption Item	Annual Actuarial Valuation	
Spouse Information	70% of employees were assumed to have spouses. Females were assumed to be 3 years younger than males.	
Health Care Cost Trend Rates	<u>Period</u>	<u>Trend Rate</u>
	2017	8.0%
	2018	7.5%
	2019	7.0%
	2020	6.5%
	2021	6.0%
	2022	5.5%
	2023 and after	5.0%



SECTION FIVE: PARTICIPANT DATA

Summary as of June 30, 2017

Status	MERS	Police	Fire	Total
Active Participants (includes current employees with waivers)	42	24	16	82
Retired Participants	36	64	39	139
Total	78	88	55	221



SECTION FIVE: PARTICIPANT DATA

AGE AND SERVICE DISTRIBUTION AS OF JUNE 30, 2017

ACTIVE PARTICIPANT AGE AND SERVICE DISTRIBUTION AS OF JUNE 30, 2017

MERS

Age Group	Service									Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	
Under 20										0
20 - 24	1									1
25 - 29	2									2
30 - 34	2									2
35 - 39	4	3	1		1					9
40 - 44			2	2						4
45 - 49	2		4	2	1					9
50 - 54			1	1		1				3
55 - 59	1	2			2	2				7
60 - 64			1	2		1				4
65 & Over					1					1
Total	12	5	9	7	5	4	0	0	0	42

Average Age: 47.1 years

Average Length of Service: 12.6 years

POLICE & FIRE

Age Group	Service									Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	
Under 20										0
20 - 24	1									1
25 - 29	5									5
30 - 34	4	1	2							7
35 - 39	4	1	3							8
40 - 44	1		1	4	1					7
45 - 49				2	3					5
50 - 54					5		1			6
55 - 59							1			1
60 - 64										0
65 & Over										0
Total	15	2	6	6	9	0	2	0	0	40

Average Age: 40.1 years

Average Length of Service: 12.3 years



SECTION SIX: SUMMARY OF PRINCIPAL PLAN PROVISIONS

Item	Provision																																				
<p>Eligibility</p>	<p><u>AFSCME Members</u> Retiree must be age 50 and receiving a MERS pension. Employee must have been hired prior to July 1, 2010.</p> <p><u>POAM Members</u> Employee may retire after completing 20 years of service regardless of age. Employee must have been hired prior to July 1, 2012.</p> <p><u>COAM Members</u> Employees retiring with 20 years of service have their health insurance through Blue Cross / Blue Shield maintained by the City of Ypsilanti.</p> <p><u>IAFF Members</u> Employee may retire after completing 20 years of service regardless of age.</p> <p><u>Non-Union Employees</u> Employee may retire after age 50 under the MERS pension program</p>																																				
<p>Benefit Amount</p>	<p>Retirees and their dependents may elect coverage under the City's health program for current active employees. Certain retirees have grandfathered benefit plans. The City pays a portion of the cost of coverage.</p> <p><u>Health Care</u></p> <table border="1" data-bbox="451 1304 1494 1522"> <thead> <tr> <th></th> <th colspan="5">Retiree Benefits</th> </tr> <tr> <th><u>Service</u></th> <th><u>AFSCME</u></th> <th><u>POAM</u></th> <th><u>COAM</u></th> <th><u>IAFF</u></th> <th><u>Non-Union</u></th> </tr> </thead> <tbody> <tr> <td>Under 10</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>10 - 15</td> <td>50%</td> <td>50%</td> <td>0%</td> <td>50%</td> <td>50%</td> </tr> <tr> <td>15 - 20</td> <td>100%</td> <td>100%</td> <td>0%</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>20 or more</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table> <p>City Contribution \$175* \$150 \$400 \$400* \$150</p> <p>* 20 Years Only</p> <p><u>Dental & Vision Coverage</u> City pays 100% of retiree dental and vision coverages</p>		Retiree Benefits					<u>Service</u>	<u>AFSCME</u>	<u>POAM</u>	<u>COAM</u>	<u>IAFF</u>	<u>Non-Union</u>	Under 10	0%	0%	0%	0%	0%	10 - 15	50%	50%	0%	50%	50%	15 - 20	100%	100%	0%	100%	100%	20 or more	100%	100%	100%	100%	100%
	Retiree Benefits																																				
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20 or more	100%	100%	100%	100%	100%																																



SECTION SIX: SUMMARY OF PRINCIPAL PLAN PROVISIONS

Item	Provision						
	<p><u>Life Insurance Coverage</u> City pays for \$1,000 of life insurance coverage for retirees. Retirees may elect an additional \$4,000 of coverage by paying \$.33 per month per \$1,000 of coverage.</p> <p><u>Retiree Opt-Out</u> Retirees electing to opt-out of the health care plan are eligible to receive the following amounts in any year they receive coverage from another source.</p> <table data-bbox="592 619 1047 724"> <tr> <td>Single coverage</td> <td>\$ 2,000</td> </tr> <tr> <td>Two-Person coverage</td> <td>\$ 4,000</td> </tr> <tr> <td>Family coverage</td> <td>\$ 5,000</td> </tr> </table> <p>The opt-out benefits are not considered under GASB Statement No. 45 and are not included in this valuation. They may be required to be accounted for under GASB Statement No. 26.</p>	Single coverage	\$ 2,000	Two-Person coverage	\$ 4,000	Family coverage	\$ 5,000
Single coverage	\$ 2,000						
Two-Person coverage	\$ 4,000						
Family coverage	\$ 5,000						

