

# Attachment 1

Michigan Department of Treasury  
5597 (08-18)

## Protecting Local Government Retirement and Benefits Act

### Corrective Action Plan:

### Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017.

#### I. MUNICIPALITY INFORMATION

Local Unit Name: City of Westland Six-Digit Muni Code: 822310  
Retirement Health Benefit System Name: Westland Post Employment Benefits  
Contact Name (Administrative Officer): Steven J. Smith  
Title if not Administrative Officer: Finance Director  
Email: ssmith@cityofwestland.com Telephone: (734) 467-3169

#### 2. GENERAL INFORMATION

**Corrective Action Plan:** An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of government with at least one retirement health benefit system that has been determined to have an underfunded status. Underfunded status for a retirement health system is defined as being less than 40% funded according to the most recent audited financial statements, and, if the local unit of government is a city, village, township, or county, the annual required contribution (ARC) for all of the retirement health systems of the local unit of government is greater than 12% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

**Due Date:** The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board. The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension.

**Filing:** Per Sec. 10(1) of the Act, this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. **You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the retirement healthcare systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at [LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov) for review by the Board. **If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.** Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System OPEB

## Attachment 1

Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

**Municipal Stability Board:** The Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

**Review Process:** Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

**Considerations for Approval:** A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status, as well as the date prospective actions will be taken. A local unit of government may also include in its corrective action plan a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

- (i) Requiring cost sharing of premiums and sufficient copays.
- (ii) Capping employer costs.

**Implementation:** The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

### 3. DESCRIPTION OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

- **Please Note:** If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

**Note:** Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

## Attachment 1

### Category of Prior Actions:

- System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

**Sample Statement:** Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On **January 1, 2017**, the local unit entered into new collective bargaining agreements with the **Command Officers Association and Internal Association of Firefighters** that increased employee co-payments and deductibles for healthcare. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system is **40%** funded as of **June 30, 2017**.

Over the last several years, the City has worked to implement changes to each group within the OPEB plan. We have summarized the changes that have been made in Attachment 5a.

- Additional Funding** – Additional funding may include the following: paying the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

**Sample Statement:** The local unit created a qualified trust to receive, invest, and accumulate assets for retirement healthcare on **June 23, 2016**. The local unit of government has adopted a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC). Additionally, the local unit has committed to contributing **\$500,000** annually, in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40%** by **2022**. Please see page **10** of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **\$500,000** for the next five years.

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

**Sample Statement:** The information provided on the Form 5572 from the audit used actuarial data from **2015**. Attached is an updated actuarial valuation for **2017** that shows our funded ratio has improved to **42%** as indicated on page **13**.

The City obtained an updated GASB 75 actuary report for the fiscal year ending June 30, 2018. The total OPEB Liability decreased from \$251,953,877 to \$232,749,436. This amount is different from the form 5572 that was originally filed. On attachment 5a, you will see the summary from the new actuary report with the new GASB 75 liability.

### 4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prospective actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

## Attachment 1

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

### Category of Prospective Actions:

- System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

**Sample Statement:** *The local unit will seek to align benefit levels for the retired membership with each class of active employees. Beginning with **summer 2018** contract negotiations, the local unit will seek revised collective bargaining agreements with the **Command Officers Association and Internal Association of Firefighters** to increase employee co-payments and deductibles for healthcare. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system would be **40%** funded by **fiscal year 2020** if these changes were adopted and implemented by **fiscal year 2019**.*

See attachment 5a for full analysis.

- Additional Funding** – Additional funding may include the following: meeting the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

**Sample Statement:** *The local unit will create a qualified trust to receive, invest, and accumulate assets for retirement healthcare by **December 31, 2018**. The local unit of government will adopt a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC) by **December 31, 2018**. Additionally, beginning in fiscal year 2019, the local unit will contribute **\$500,000** annually in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40%** by **2022**. Please see page **10** of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **\$500,000** for the next five years.*

See attachment 5a for full analysis.

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

**Sample Statement:** *Beginning in **fiscal year 2019**, the local unit will begin amortizing the unfunded portion of the healthcare liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the health system to reach a funded status of **42%** by **2022** as shown in the attached actuarial analysis on page **13**.*

See attachment 5a for full analysis.

## 5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for (insert local unit name) City of Westland to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

Yes

No

If No, Explain

## 6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a .pdf to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

**Naming convention:** when attaching documents please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

### Naming Convention

Naming Convention	Type of Document
<input checked="" type="checkbox"/> Attachment – 1	<b>This Corrective Action Plan (Required)</b>
<input checked="" type="checkbox"/> Attachment – 1a	<b>Documentation from the governing body approving this Corrective Action Plan (Required)</b>
<input checked="" type="checkbox"/> Attachment – 2a	<b>An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required)</b>
<input type="checkbox"/> Attachment – 3a	Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).
<input type="checkbox"/> Attachment – 4a	Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)
<input checked="" type="checkbox"/> Attachment – 5a	A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio
<input type="checkbox"/> Attachment – 6a	Other documentation, not categorized above

## Attachment 1

## 7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the [Corrective Action Plan Development: Best Practices and Strategies](#) document.

Corrective Action Plan Criteria	Description
<input checked="" type="checkbox"/> Underfunded Status	Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues?
<input checked="" type="checkbox"/> Reasonable Timeframe	Do the corrective actions address the underfunded status in a reasonable timeframe ( <a href="#">see CAP criteria issued by the Board</a> )?
<input checked="" type="checkbox"/> Legal and Feasible	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
<input checked="" type="checkbox"/> Affordability	Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan?

## **8. LOCAL UNIT OF GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN**

I, Steve Smith, as the government's administrative officer (insert title)  
Finance Director (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

- The Westland Post Employment Benefits **(Insert Retirement Healthcare System Name)** will achieve a funded status of at least 40% by Fiscal Year 2043 as demonstrated by required supporting documentation listed in section 6.

**OR, if the local unit is a city, village, township, or county:**

- The ARC for all of the retirement healthcare systems of \_\_\_\_\_ (**Insert local unit name**) will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year \_\_\_\_\_ as demonstrated by required supporting documentation listed in section 6.

Signature Steven J. Smith

Date 11/05/2018

## City of Westland

**Richard LeBlanc**  
City Clerk



(734) 467-3185  
Fax (734) 422-1208  
email: [clerk@cityofwestland.com](mailto:clerk@cityofwestland.com)

### **RESOLUTION NO. 2018-11-196**

**Motion by** Johnson **supported by** Hart

**WHEREAS:** The City of Westland is requesting approval of application to the State of Michigan for Westland Post Employment Benefits System Corrective Action Plan, and,

**WHEREAS:** The City of Westland is requesting approval because the Westland Post Employment Benefits will achieve a funded status of at least 40% by Fiscal Year 2043 as demonstrated by required supporting documentation listed in Section 6 of this application.

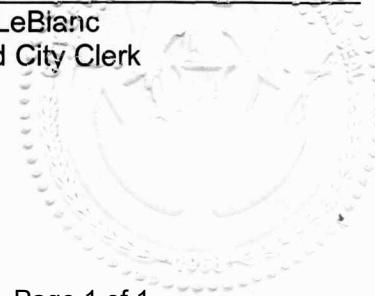
**NOW, THEREFORE, BE IT RESOLVED**, that the City of Westland grants approval of Westland Post Employment Benefits System Corrective Action Plan.

### **CERTIFICATION**

I, Richard LeBlanc, City Clerk for the City of Westland, hereby certify that the foregoing is a true and accurate copy of a resolution (Resolution No. 2018-11-196) adopted by the City Council of the City of Westland, Wayne County, at a regular meeting held on the 5<sup>th</sup> day of November, 2018, and that the public notice of said meeting was given pursuant to Act. No. 267, Public Acts of Michigan, 1976, including in the case of a special or rescheduled meeting, or a meeting recessed for more than thirty-six hours, notice by posting at least eighteen hours prior to the time set for the meeting.



Richard LeBlanc  
Westland City Clerk



## Attachment 2a

To fulfill Underfunded Status and Reasonable Timeframe approval criteria:

The GASB 75 report prepared as of June 30, 2018 calculates a total OPEB liability of \$232,749,436. This report uses a discount rate of 3.87 percent because the plan is not funded and no formal action had been taken during that measurement period.

The OPEB corrective action plan establishes a trust in 2019 and demonstrates a funding plan over time that will allow projected plan assets to be sufficient to make projected benefit payments. The projected benefit payments will be funded into the trust along with an additional contribution each year. Therefore, the actuary for the OPEB plan has put together an analysis using PA 202 assumptions. The total OPEB liability using the 7 percent discount rate is a total of \$153,970,294 for FYE 6/30/2019.

Approximately 12.5 percent of the contributions mentioned in this section are allocated to the Water & Sewer fund based on census information of the plan. The City plans to contribute an additional \$500,000 (\$437,500 for General Fund) above the pay-go costs in total. As the Pension plan becomes fully funded, the ARC will decrease, which will allow additional funding for the OPEB plan. In 2035, since the Pension plan ARC will decrease, the City plans to redirect those funds to contribute \$3,000,000 (\$2,625,000 for General Fund) in total towards the OPEB liability. In 2040, the Pension plan ARC decreases again and the City plans to redirect those funds to contribute \$6,000,000 (\$5,250,000 for General Fund) in total until the plan is fully funded.

The City will reevaluate the aforementioned contribution plan each year as key assumptions and facts change each year regarding the OPEB plan and the City's financial projection.

The ADC as a percent of General Operating Revenue will be less than 12 percent by 2043. This does not meet the approval threshold to be below 12 percent within 5 years. However, the City feels that the City can plan to be at least 40 percent funded within 30 years based on this template and that the plan is affordable based on the forecast analysis on attachment 5a.

See the next few pages for the spreadsheet analysis from the actuary.

## Attachment 2a

### OPEB Funding Projections

City of Westland, MI

FYE 6/30/2018

#### Data, Plan Provisions, and Assumptions

These projections follow the uniform assumptions as prescribed by PA 202 that are as follows:

Discount Rate (pre-funded plans) 7.00%

Salary Increases 3.75%

Mortality Healthy: RP-2014 Total Dataset Mortality Table with mortality improvement (scale MP-2017)  
Disabled: RP-2014 Disabled Mortality Table with mortality improvement (scale MP-2017)

Healthcare Inflation Pre-Medicare: 8.50% decreasing by 0.25% annually to an ultimate rate of 4.50%  
Post-Medicare: 7.00% decreasing by 0.25% annually to an ultimate rate of 4.50%

Amortization of Unfunded AAL 30 years

All other plan provisions and assumptions follow the City's GASB 74/75 actuarial valuation for fiscal year ending June 30, 2018.

## Attachment 2a

### OPEB Funding Projections

City of Westland, MI

FYE 6/30/2018

### Projected Contributions to the OPEB Trust

FYE	Payroll for Current Plan Members	City Contributions for Pay-go Costs	Additional City Contributions	Reductions for New Entrants (if open group)	Total ER Contributions for Current Plan Members	Pre-funding City Contributions (in addition to pay-go) Override	Actuarially Determined Contribution (ADC)
	A	B	C	D	F = B + C - D		
6/30/2019	\$14,559,038	\$8,480,654	\$500,000	\$0	\$8,980,654	\$500,000	\$13,087,602
6/30/2020	\$14,556,493	\$8,925,611	\$500,000	\$0	\$9,425,611	\$500,000	\$13,402,045
6/30/2021	\$14,550,742	\$9,421,393	\$500,000	\$0	\$9,921,393	\$500,000	\$13,708,569
6/30/2022	\$14,496,131	\$9,991,399	\$500,000	\$0	\$10,491,399	\$500,000	\$13,999,335
6/30/2023	\$14,417,491	\$10,471,085	\$500,000	\$0	\$10,971,085	\$500,000	\$14,268,228
6/30/2024	\$14,311,783	\$10,969,943	\$500,000	\$0	\$11,469,943	\$500,000	\$14,520,853
6/30/2025	\$14,142,405	\$11,445,116	\$500,000	\$0	\$11,945,116	\$500,000	\$14,754,043
6/30/2026	\$13,957,220	\$11,817,375	\$500,000	\$0	\$12,317,375	\$500,000	\$14,966,672
6/30/2027	\$13,721,412	\$12,135,970	\$500,000	\$0	\$12,635,970	\$500,000	\$15,167,026
6/30/2028	\$13,375,542	\$12,429,994	\$500,000	\$0	\$12,929,994	\$500,000	\$15,354,211
6/30/2029	\$13,020,734	\$12,778,525	\$500,000	\$0	\$13,278,525	\$500,000	\$15,537,867
6/30/2030	\$12,686,802	\$12,775,543	\$500,000	\$0	\$13,275,543	\$500,000	\$15,709,142
6/30/2031	\$12,287,262	\$12,913,292	\$500,000	\$0	\$13,413,292	\$500,000	\$15,902,260
6/30/2032	\$11,868,576	\$12,938,085	\$500,000	\$0	\$13,438,085	\$500,000	\$16,104,051
6/30/2033	\$11,414,126	\$12,827,013	\$500,000	\$0	\$13,327,013	\$500,000	\$16,331,271
6/30/2034	\$10,971,982	\$12,703,810	\$500,000	\$0	\$13,203,810	\$500,000	\$16,605,635
6/30/2035	\$10,476,765	\$12,824,738	\$3,000,000	\$0	\$15,824,738	\$3,000,000	\$16,932,100
6/30/2036	\$9,819,731	\$12,801,333	\$3,000,000	\$0	\$15,801,333	\$3,000,000	\$16,980,302
6/30/2037	\$9,111,052	\$12,580,683	\$3,000,000	\$0	\$15,580,683	\$3,000,000	\$17,062,847
6/30/2038	\$8,620,183	\$12,699,569	\$3,000,000	\$0	\$15,699,569	\$3,000,000	\$17,189,785
6/30/2039	\$7,723,367	\$12,638,159	\$3,000,000	\$0	\$15,638,159	\$3,000,000	\$17,317,350
6/30/2040	\$6,862,290	\$12,747,535	\$6,000,000	\$0	\$18,747,535	\$6,000,000	\$17,499,483
6/30/2041	\$6,206,333	\$12,917,264	\$6,000,000	\$0	\$18,917,264	\$6,000,000	\$17,210,007
6/30/2042	\$5,463,593	\$12,931,542	\$6,000,000	\$0	\$18,931,542	\$6,000,000	\$16,828,532
6/30/2043	\$4,978,636	\$13,013,630	\$6,000,000	\$0	\$19,013,630	\$6,000,000	\$16,340,706
6/30/2044	\$4,525,573	\$13,039,365	\$6,000,000	\$0	\$19,039,365	\$6,000,000	\$15,658,052
6/30/2045	\$4,003,740	\$13,099,123	\$6,000,000	\$0	\$19,099,123	\$6,000,000	\$14,646,859
6/30/2046	\$3,447,964	\$13,061,392	\$6,000,000	\$0	\$19,061,392	\$6,000,000	\$12,991,795
6/30/2047	\$2,994,612	\$13,094,188	\$6,000,000	\$0	\$19,094,188	\$6,000,000	\$9,786,061
6/30/2048	\$2,703,337	\$12,836,207	\$500,000	\$0	\$13,336,207		\$263,924

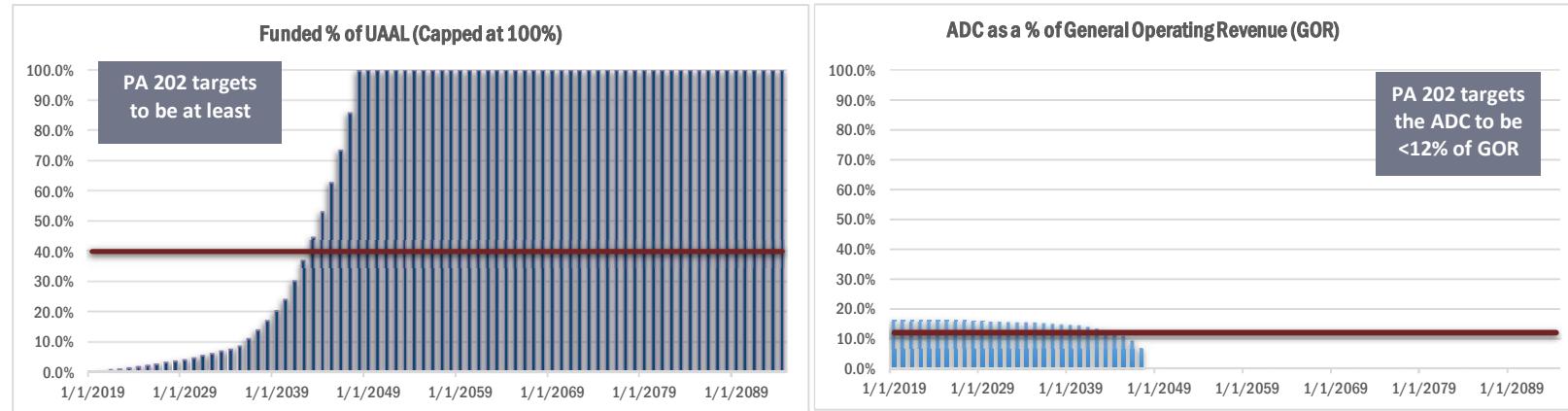
## Attachment 2a

### Client Inputs

Will the City contribute pay-as-you-go costs?	Yes
Pre-funding City Contributions (in addition to pay-go)	\$ 500,000
What is the City's General Operating Revenue?	\$ 80,757,317 as of 6/30/2018
Expected Annual Increase on General Operating Revenue	2%

### Results Summary

Projected Year of 40% Funding of UAAL	6/30/2043
Projected Year of ADC < 12% of GOR	6/30/2044



## Attachment 2a

### Client Inputs

Will the City contribute pay-as-you-go costs?

Yes

Pre-funding City Contributions (in addition to pay-go)

\$ 500,000

What is the City's General Operating Revenue?

\$ 80,757,317

as of 6/30/2018

Expected Annual Increase on General Operating Revenue

2%

### Projected OPEB Trust Balance

	OPEB admin	OPEB Trust ROR
	1.00%	7.00%

FYE	BOY Fiduciary Net Position (FNP) G	Total ER Contributions for Current Plan Members H = D		Projected Benefit Payments (BP) I	Projected Administrative Expense J	Projected Investment Earnings K	Projected Ending FNP L = G + H - I - J + K
6/30/2019	\$0	\$8,980,654		\$8,480,654	\$0	\$17,204	\$517,204
6/30/2020	\$517,204	\$9,425,611		\$8,925,611	\$5,172	\$53,230	\$1,065,262
6/30/2021	\$1,065,262	\$9,921,393		\$9,421,393	\$10,653	\$91,406	\$1,646,016
6/30/2022	\$1,646,016	\$10,491,399		\$9,991,399	\$16,460	\$131,859	\$2,261,414
6/30/2023	\$2,261,414	\$10,971,085		\$10,471,085	\$22,614	\$174,725	\$2,913,525
6/30/2024	\$2,913,525	\$11,469,943		\$10,969,943	\$29,135	\$220,148	\$3,604,538
6/30/2025	\$3,604,538	\$11,945,116		\$11,445,116	\$36,045	\$268,281	\$4,336,774
6/30/2026	\$4,336,774	\$12,317,375		\$11,817,375	\$43,368	\$319,286	\$5,112,692
6/30/2027	\$5,112,692	\$12,635,970		\$12,135,970	\$51,127	\$373,333	\$5,934,899
6/30/2028	\$5,934,899	\$12,929,994		\$12,429,994	\$59,349	\$430,605	\$6,806,154
6/30/2029	\$6,806,154	\$13,278,525		\$12,778,525	\$68,062	\$491,293	\$7,729,386
6/30/2030	\$7,729,386	\$13,275,543		\$12,775,543	\$77,294	\$555,602	\$8,707,694
6/30/2031	\$8,707,694	\$13,413,292		\$12,913,292	\$87,077	\$623,746	\$9,744,363
6/30/2032	\$9,744,363	\$13,438,085		\$12,938,085	\$97,444	\$695,957	\$10,842,876
6/30/2033	\$10,842,876	\$13,327,013		\$12,827,013	\$108,429	\$772,475	\$12,006,922
6/30/2034	\$12,006,922	\$13,203,810		\$12,703,810	\$120,069	\$853,557	\$13,240,410
6/30/2035	\$13,240,410	\$15,824,738		\$12,824,738	\$132,404	\$1,025,497	\$17,133,503
6/30/2036	\$17,133,503	\$15,801,333		\$12,801,333	\$171,335	\$1,296,674	\$21,258,842
6/30/2037	\$21,258,842	\$15,580,683		\$12,580,683	\$212,588	\$1,584,028	\$25,630,282
6/30/2038	\$25,630,282	\$15,699,569		\$12,699,569	\$256,303	\$1,888,525	\$30,262,504
6/30/2039	\$30,262,504	\$15,638,159		\$12,638,159	\$302,625	\$2,211,187	\$35,171,065
6/30/2040	\$35,171,065	\$18,747,535		\$12,747,535	\$351,711	\$2,656,321	\$43,475,676
6/30/2041	\$43,475,676	\$18,917,264		\$12,917,264	\$434,757	\$3,234,786	\$52,275,705
6/30/2042	\$52,275,705	\$18,931,542		\$12,931,542	\$522,757	\$3,847,761	\$61,600,709
6/30/2043	\$61,600,709	\$19,013,630		\$13,013,630	\$616,007	\$4,497,302	\$71,482,004
6/30/2044	\$71,482,004	\$19,039,365		\$13,039,365	\$714,820	\$5,185,593	\$81,952,777
6/30/2045	\$81,952,777	\$19,099,123		\$13,099,123	\$819,528	\$5,914,944	\$93,048,194
6/30/2046	\$93,048,194	\$19,061,392		\$13,061,392	\$930,482	\$6,687,806	\$104,805,518
6/30/2047	\$104,805,518	\$19,094,188		\$13,094,188	\$1,048,055	\$7,506,773	\$117,264,235
6/30/2048	\$117,264,235	\$13,336,207		\$12,836,207	\$1,172,642	\$8,185,352	\$124,776,945

## Attachment 2a

### Projected Actuarially Determined Contribution (ADC)

FYE	Actuarial Accrued Liability (AAL)	FNP	Unfunded AAL	Funded %	Normal Cost	Amortization period	Min amort	1	Actuarially Determined Contribution (ADC)	General Operating Revenue	ADC as % of General Operating Revenue
6/30/2019	\$153,970,294	\$0	\$153,970,294	0.0%	\$635,224	30	\$11,596,180	\$13,087,602	\$80,757,317	16.2%	
6/30/2020	\$156,656,118	\$517,204	\$156,138,914	0.3%	\$639,945	29	\$11,885,331	\$13,402,045	\$82,372,463	16.3%	
6/30/2021	\$159,075,059	\$1,065,262	\$158,009,797	0.7%	\$644,708	28	\$12,167,039	\$13,708,569	\$84,019,913	16.3%	
6/30/2022	\$161,155,681	\$1,646,016	\$159,509,665	1.0%	\$646,845	27	\$12,436,646	\$13,999,335	\$85,700,311	16.3%	
6/30/2023	\$162,794,718	\$2,261,414	\$160,533,304	1.4%	\$648,006	26	\$12,686,786	\$14,268,228	\$87,414,317	16.3%	
6/30/2024	\$164,053,650	\$2,913,525	\$161,140,125	1.8%	\$647,977	25	\$12,922,914	\$14,520,853	\$89,162,603	16.3%	
6/30/2025	\$164,884,759	\$3,604,538	\$161,280,221	2.2%	\$646,896	24	\$13,141,929	\$14,754,043	\$90,945,855	16.2%	
6/30/2026	\$165,281,476	\$4,336,774	\$160,944,702	2.6%	\$643,585	23	\$13,343,959	\$14,966,672	\$92,764,773	16.1%	
6/30/2027	\$165,317,453	\$5,112,692	\$160,204,761	3.1%	\$638,870	22	\$13,535,921	\$15,167,026	\$94,620,068	16.0%	
6/30/2028	\$165,021,449	\$5,934,899	\$159,086,550	3.6%	\$628,292	21	\$13,721,438	\$15,354,211	\$96,512,469	15.9%	
6/30/2029	\$164,389,371	\$6,806,154	\$157,583,217	4.1%	\$619,744	20	\$13,901,627	\$15,537,867	\$98,442,719	15.8%	
6/30/2030	\$163,343,487	\$7,729,386	\$155,614,101	4.7%	\$610,288	19	\$14,071,153	\$15,709,142	\$100,411,573	15.6%	
6/30/2031	\$162,217,462	\$8,707,694	\$153,509,768	5.4%	\$599,490	18	\$14,262,435	\$15,902,260	\$102,419,805	15.5%	
6/30/2032	\$160,858,679	\$9,744,363	\$151,114,316	6.1%	\$585,176	17	\$14,465,339	\$16,104,051	\$104,468,201	15.4%	
6/30/2033	\$159,363,908	\$10,842,876	\$148,521,032	6.8%	\$569,331	16	\$14,693,539	\$16,331,271	\$106,557,565	15.3%	
6/30/2034	\$157,862,529	\$12,006,922	\$145,855,607	7.6%	\$552,779	15	\$14,966,506	\$16,605,635	\$108,688,716	15.3%	
6/30/2035	\$156,365,869	\$13,240,410	\$143,125,459	8.5%	\$529,372	14	\$15,295,020	\$16,932,100	\$110,862,490	15.3%	
6/30/2036	\$154,614,358	\$17,133,503	\$137,480,855	11.1%	\$495,889	13	\$15,373,552	\$16,980,302	\$113,079,740	15.0%	
6/30/2037	\$152,728,668	\$21,258,842	\$131,469,826	13.9%	\$477,135	12	\$15,469,451	\$17,062,847	\$115,341,335	14.8%	
6/30/2038	\$150,919,172	\$25,630,282	\$125,288,890	17.0%	\$450,137	11	\$15,615,083	\$17,189,785	\$117,648,162	14.6%	
6/30/2039	\$148,831,157	\$30,262,504	\$118,568,653	20.3%	\$407,328	10	\$15,777,111	\$17,317,350	\$120,001,125	14.4%	
6/30/2040	\$146,614,704	\$35,171,065	\$111,443,639	24.0%	\$368,591	9	\$15,986,066	\$17,499,483	\$122,401,147	14.3%	
6/30/2041	\$144,088,502	\$43,475,676	\$100,612,826	30.2%	\$337,011	8	\$15,747,107	\$17,210,007	\$124,849,170	13.8%	
6/30/2042	\$141,176,092	\$52,275,705	\$88,900,387	37.0%	\$311,008	7	\$15,416,592	\$16,828,532	\$127,346,154	13.2%	
6/30/2043	\$138,017,201	\$61,600,709	\$76,416,492	44.6%	\$288,642	6	\$14,983,046	\$16,340,706	\$129,893,077	12.6%	
6/30/2044	\$134,528,312	\$71,482,004	\$63,046,308	53.1%	\$263,219	5	\$14,370,475	\$15,658,052	\$132,490,938	11.8%	
6/30/2045	\$130,741,341	\$81,952,777	\$48,788,564	62.7%	\$227,199	4	\$13,461,454	\$14,646,859	\$135,140,757	10.8%	
6/30/2046	\$126,588,886	\$93,048,194	\$33,540,692	73.5%	\$197,251	3	\$11,944,614	\$12,991,795	\$137,843,572	9.4%	
6/30/2047	\$122,152,682	\$104,805,518	\$17,347,164	85.8%	\$178,960	2	\$8,966,892	\$9,786,061	\$140,600,444	7.0%	
6/30/2048	\$117,352,379	\$117,264,235	\$88,144	99.9%	\$158,514	1	\$88,144	\$263,924	\$143,412,453	0.2%	



nyhart

## **GASB 75 INTERIM ACTUARIAL VALUATION**

### **Fiscal Year Ending June 30, 2018**

# **CITY OF WESTLAND**

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# Table of Contents

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## Attachment 2b

	Page
Certification	1
Executive Summary	3
GASB Disclosures	
Schedule of Changes in Net OPEB Liability and Related Ratios	4
OPEB Expense	5
Deferred Outflows / (Inflows) of Resources	6
Sensitivity Results	8
Discussion of Discount Rates	9
Summary of Key Actuarial Assumptions	10
Actuary's Notes	11
Appendix	14

**October 29, 2018**

**Steven J. Smith**  
**City of Westland**  
**36300 Warren Road**  
**Westland, MI 48185**

This report summarizes the interim GASB actuarial valuation for the City of Westland 2017/18 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions).

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.

Randy Gomez, FSA, MAAA  
Consulting Actuary

Brian Nichols, EA, MAAA, FCA  
Valuation Actuary

DRAFT

# Executive Summary

## City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

### Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending June 30, 2018 compared to the prior fiscal year as shown in the City's Notes to Financial Statement.

	As of June 30, 2017	As of June 30, 2018
<b>Total OPEB Liability</b>	\$ 251,953,877	\$ 232,749,436
<b>Actuarial Value of Assets</b>	\$ 0	\$ 0
<b>Net OPEB Liability</b>	\$ 251,953,877	\$ 232,749,436
<b>Funded Ratio</b>	0.0%	0.0%
	FY 2016/17	FY 2017/18
<b>OPEB Expense</b>	\$ (101,528,981)	\$ 1,415,249
<b>Annual Employer Contributions</b>	\$ 9,596,348	\$ 8,048,550
	As of June 30, 2017	As of June 30, 2018
<b>Discount Rate</b>	3.56%	3.87%
<b>Expected Return on Assets</b>	N/A	N/A

# GASB Disclosures

## Attachment 2b

### City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

#### Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2017/18	FY 2016/17
<b>Total OPEB Liability</b>		
Total OPEB Liability - beginning of year	\$ 251,953,877	\$ 374,186,564
Service cost	1,655,744	3,169,520
Interest	8,886,490	10,787,150
Change of benefit terms	0	(114,832,278)
Changes in assumptions	(10,890,391)	(18,660,626)
Differences between expected and actual experience	(10,807,734)	6,899,895
Benefit payments	(8,048,550)	(9,596,348)
Net change in total OPEB liability	\$ (19,204,441)	\$ (122,232,687)
Total OPEB Liability - end of year	\$ 232,749,436	\$ 251,953,877
<b>Plan Fiduciary Net Position</b>		
Plan fiduciary net position - beginning of year	\$ 0	\$ 0
Contributions - employer	8,048,550	9,596,348
Contributions - active employees	0	0
Net investment income	0	0
Benefit payments	(8,048,550)	(9,596,348)
Trust administrative expenses	0	0
Net change in plan fiduciary net position	\$ 0	\$ 0
Plan fiduciary net position - end of year	\$ 0	\$ 0
<b>Net OPEB Liability - end of year</b>	<b>\$ 232,749,436</b>	<b>\$ 251,953,877</b>
Plan fiduciary net position as % of total OPEB liability	0.0%	0.0%
Covered employee payroll	\$ 15,083,255	\$ 14,538,077
Net OPEB liability as % of covered payroll	1,543.1%	1,733.1%

\* 2017/18 covered payroll is based on 2016/17 payroll increased by the payroll growth assumption (3.75%).

# GASB Disclosures

## Attachment 2b

### City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

#### OPEB Expense

OPEB Expense	FY 2017/18	FY 2016/17
Discount Rate		
Beginning of year	3.56%	0.00%
End of year	3.87%	3.56%
Service cost	\$ 1,655,744	\$ 3,169,520
Interest	8,886,490	10,787,150
Change of benefit terms	0	(114,832,278)
Projected earnings on OPEB plan investments	0	0
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	0	0
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (529,745)	\$ 383,328
Changes in assumptions	(8,597,240)	(1,036,701)
Net difference between projected and actual earnings on OPEB plan investments	0	0
Total current period recognition	\$ (9,126,985)	\$ (653,373)
Total OPEB expense	\$ 1,415,249	\$ (101,528,981)

# GASB Disclosures

## City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

### Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Difference between projected and actual earnings in OPEB plan investments

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the item above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2018
June 30, 2017	\$ 6,899,895	4 <sup>1</sup>	\$ 2,172,189	\$ 4,344,378
June 30, 2018	\$ (10,807,734)	4	\$ (2,701,934)	\$ (8,105,800)
Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2018
June 30, 2017	\$ (18,660,626)	4 <sup>2</sup>	\$ (5,874,642)	\$ (11,749,283)
June 30, 2018	\$ (10,890,391)	4	\$ (2,722,598)	\$ (8,167,793)
Net difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2018
June 30, 2017	\$ 0	N/A	\$ 0	\$ 0
June 30, 2018	\$ 0	N/A	\$ 0	\$ 0

<sup>1</sup> The amortization period for the differences between expected and actual experience created for the fiscal year ending June 30, 2017 has been updated from 18 years as shown in the FYE June 30, 2017 GASB 75 report to 4 years to take into account the average remaining service lives of inactives.

<sup>2</sup> The amortization period for the changes in assumptions created for the fiscal year ending June 30, 2017 has been updated from 18 years as shown in the FYE June 30, 2017 GASB 75 report to 4 years to take into account the average remaining service lives of inactives.

## GASB Disclosures

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### City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

#### Deferred Outflows / (Inflows) of Resources – Continued

As of fiscal year ending June 30, 2018	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 4,344,378	\$ (8,105,800)
Changes in assumptions	0	(19,917,076)
Net difference between projected and actual earnings in OPEB plan investments	N/A	N/A
<b>Total</b>	<b>\$ 4,344,378</b>	<b>\$ (28,022,876)</b>

#### Annual Amortization of Deferred Outflows / (Inflows)

The balances of June 30, 2018 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2019	\$ (9,126,985)
2020	\$ (9,126,984)
2021	\$ (5,424,529)
2022	\$ 0
2023	\$ 0
Thereafter	\$ 0

# GASB Disclosures

## Attachment 2b

### City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

#### Sensitivity Results

The following presents the net OPEB liability as of June 30, 2018, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 3.87%.
- The 1% decrease in discount rate would be 2.87%.
- The 1% increase in discount rate would be 4.87%.

As of June 30, 2018	Net OPEB Liability
1% Decrease	\$ 273,361,103
Current Discount Rate	\$ 232,749,436
1% Increase	\$ 200,829,398

The following presents the net OPEB liability as of June 30, 2018, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 9.00%, decreasing to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 8.00%, decreasing to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 10.00%, decreasing to an ultimate rate of 5.50%.

As of June 30, 2018	Net OPEB Liability
1% Decrease	\$ 199,645,563
Current Trend Rates	\$ 232,749,436
1% Increase	\$ 274,725,669

# Discussion of Discount Rates

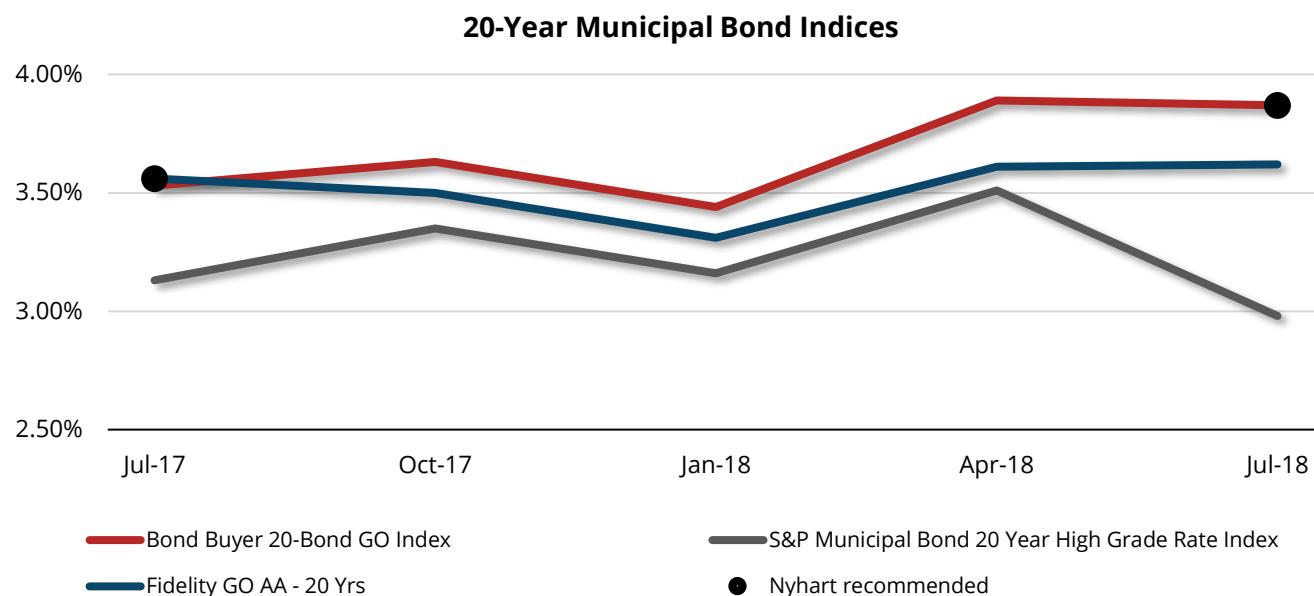
## Attachment 2b

### City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

Under GASB 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the Measurement Date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale).

For the current valuation, the discount rate was selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

	Bond Buyer Go 20-Bond Municipal Bond Index	S&P Municipal Bond 20-Year High Grade Rate Index	Fidelity 20-Year Go Municipal Bond Index	Bond Index Range	Actual Discount Rate Used
Yield as of July 1, 2017	3.53%	3.13%	3.56%	3.13% - 3.56%	<b>3.56%</b>
Yield as of June 30, 2018	3.87%	2.98%	3.62%	2.98% - 3.87%	<b>3.87%</b>



# Summary of Key Actuarial Assumptions

## City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

For a complete summary of actuarial methods and assumptions, refer to the GASB 75 actuarial valuation report for the fiscal year ending June 30, 2017.

<b>Measurement Date</b>	For fiscal year ending June 30, 2018, June 30, 2018 measurement date was used.
<b>Actuarial Valuation Date</b>	Liabilities as of June 30, 2018 are based on an actuarial valuation date of July 1, 2017 projected to June 30, 2018 on a "no loss / no gain" basis. Liabilities as of June 30, 2017 are based on an actuarial valuation date of June 30, 2017 with no adjustments to get to the June 30, 2017 measurement date.
<b>Discount Rate</b>	3.87% as of June 30, 2018 and 3.56% as of July 1, 2017 for accounting disclosure purposes Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.
<b>Payroll Growth</b>	3.75% for wage inflation plus merit / productivity growth as shown in the table below. The payroll growth assumption is based on the MERS valuation as of December 31, 2015.

Age	Rates
30	3.10%
40	1.20%
50	0.52%
60+	0.00%

<b>Inflation Rate</b>	2.50% per year
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<b>Cost Method</b>	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: <ul style="list-style-type: none"> <li>• Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and</li> <li>• Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.</li> </ul>
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### City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

Interim year valuation results have been projected from the prior year's valuation with adjustments for the discount rate assumption as of June 30, 2018. This change has caused a decrease in the City's liabilities. See the Discussion of Discount Rates section for more information. The discount rate will be updated annually to reflect market conditions as of the Measurement Date.

Additionally, results have been projected from the prior year's valuation with adjustments for actual premium, PA 152, HRA and buy-out benefit changes from 2017 to 2018. The net impact of these changes was a decrease in the City's liabilities. We have also included the impact of the ACA Excise Tax. The impact of this change was an increase in liabilities and is reflected as an experience loss.

#### Medical Plans

The monthly premium equivalent rates effective January 1, 2018 are as shown below.

Retirees' Divisions BC/BS Plans	Pre-Medicare		Post-Medicare	
	Single	Double	Single	Double
0018	\$ 850.46	\$ 1,777.47	\$ 647.56	\$ 1,295.12
0020	\$ 858.64	\$ 1,794.56	\$ 641.89	\$ 1,283.78
0021	\$ 842.29	\$ 1,760.38	\$ 630.56	\$ 1,261.12
0025	\$ 838.20	\$ 1,751.83	\$ 630.09	\$ 1,260.18
0043	\$ 817.75	\$ 1,709.10	\$ 621.85	\$ 1,243.70
0048	\$ 768.69	\$ 1,606.56	\$ 560.56	\$ 1,121.12
0049	\$ 719.62	\$ 1,504.01	\$ 462.83	\$ 925.66
0050	\$ 670.56	\$ 1,401.47	\$ 444.33	\$ 888.66
0052	\$ 887.44	\$ 1,854.75	\$ 763.20	\$ 1,526.40
0056	\$ 853.31	\$ 1,783.41	\$ 733.84	\$ 1,467.69

BCN Plans	Pre-Medicare		Post-Medicare	
	Single	Double	Single	Double
BCN 05	\$ 853.83	\$ 816.36	\$ 1,224.82	\$ 2,449.64
BCN 07	\$ 816.36	\$ 1,959.26	\$ 1,151.54	\$ 2,303.08

## Actuary's Notes

### City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

#### Dental and Vision Plans

The monthly dental and vision premium rates are as shown below.

Eff. 7/1/2017			Eff. 1/1/2018		
Dental	Single	Double	Vision	Single	Double
0005	\$ 29.87	\$ 58.34	0001	\$ 2.70	\$ 6.09
0006	\$ 14.52	\$ 28.21			
0008	\$ 4387	\$ 85.46			
0010	\$ 40.87	\$ 79.13			
0012	\$ 39.75	\$ 78.35			

#### PA 152

The legislated PA 152 annual maximum employer contributions are as shown below:

- For plan year beginning on / after January 1, 2018: \$6,560.52 for single coverage and \$13,720.07 for 2-person coverage.

These limits are adjusted annually on October 1 based on the change in the medical care component of the US CPI for the most recent 12-month period.

#### Health Care Trend Rates

FYE	Health	Part B	Dental	Vision
2019	8.50%	4.00%	3.75%	3.00%
2020	8.00%	4.50%	3.50%	3.00%
2021	7.50%	5.00%	3.50%	3.00%
2022	7.00%	5.00%	3.50%	3.00%
2023	6.50%	5.00%	3.50%	3.00%
2024	6.00%	5.00%	3.50%	3.00%
2025	5.50%	5.00%	3.50%	3.00%
2026	5.00%	5.00%	3.50%	3.00%
2027+	4.50%	5.00%	3.50%	3.00%

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

### City of Westland Interim GASB 75 Valuation for Fiscal Year Ending June 30, 2018

#### Excise Tax

Effective on January 1, 2022, the Plan Sponsor is liable for 40% of the difference between the plan costs and the cost threshold, when the plan costs are greater than the cost threshold. The 2022 annual cost thresholds for the excise tax are estimated to be the following:

- Pre-Medicare: \$12,850 for single and \$33,500 for family
- Medicare: \$11,050 for single and \$29,750 for family

The above thresholds are based on the 2018 amounts increased by 2% annually from 2018 to 2022. The excise tax thresholds are assumed to increase by 3.5% in 2022 and 2.5% for all years after 2022.

**Appendix****City of Westland Interim GASB 75 Valuation** for Fiscal Year Ending June 30, 2018**GASB Results by Group**

Below is the summary of the GASB results for fiscal year ending June 30, 2018 based on the Entry Age Normal Level % of Pay cost method with a discount rate of 3.87%.

<b>Group</b>	<b>Total OPEB Liability</b>	<b>Fiduciary Net Position</b>	<b>Net OPEB Liability</b>	<b>Deferred Inflows</b>	<b>Deferred Outflows</b>	<b>OPEB Expense</b>
AFSCME 1602	\$ 39,044,468	\$ 0	\$ 39,044,468	\$ (5,357,993)	\$ 1,848,279	\$ 420,183
Court Union	\$ 5,430,077	\$ 0	\$ 5,430,077	\$ (875,443)	\$ 734,281	\$ 299,550
Court Non-Union	\$ 7,601,966	\$ 0	\$ 7,601,966	\$ (1,105,661)	\$ 1,262,863	\$ 543,317
Director / Mayor's Office	\$ 21,281,074	\$ 0	\$ 21,281,074	\$ (12,266,627)	\$ 0	\$ (4,996,722)
Dispatchers	\$ 3,711,604	\$ 0	\$ 3,711,604	\$ (387,220)	\$ 2,550,223	\$ 1,296,689
Fire 1279	\$ 61,007,701	\$ 0	\$ 61,007,701	\$ (6,768,761)	\$ 8,211,054	\$ 4,092,021
Lieutenants and Sergeants	\$ 60,053,933	\$ 0	\$ 60,053,933	\$ (7,524,000)	\$ 0	\$ (438,619)
Police Officers	\$ 20,317,720	\$ 0	\$ 20,317,720	\$ (3,312,829)	\$ 0	\$ (465,025)
Supervisory 174	\$ 10,380,874	\$ 0	\$ 10,380,874	\$ (2,082,748)	\$ 0	\$ (428,931)
Water / Sewer	\$ 3,920,019	\$ 0	\$ 3,920,019	\$ (789,523)	\$ 2,185,607	\$ 1,092,786
<b>Total</b>	<b>\$ 232,749,436</b>	<b>\$ 0</b>	<b>\$ 232,749,436</b>	<b>\$ (40,470,805)</b>	<b>\$ 16,792,307</b>	<b>\$ 1,415,249</b>

## **City of Westland – Westland Post-Employment Benefits – Corrective Action Plan**

Below is laid out in the same format as Form 5597. Form 5597 will refer to this document. Please use form 5597 as the corrective action plan and use this attachment as the referenced documentation accordingly.

### **3. Descriptions of Prior Actions**

#### **System Design Changes**

Over the last several years, the City has worked to implement changes to each Group within the Post-Employment Benefits Plan. The changes below also helped lower or limit the total OPEB liability depending on the change. Below summarizes the changes that have been made in each group.

#### **Court Workers both Union and Non Union Employees**

- Court Union: For employees hired before July 1, 2010, the City shall pay for the applicable retiree medical coverage at the rate of 7% per complete year of service. No retiree healthcare is provided to those employees hired after July 1, 2010. Dental coverage is still available to all retirees at the rate of 7% per complete year of service. Optical reimbursement is also provided to all retirees at no cost to the retiree
- Court Admin: Employees hired prior to July 1, 2010 (who retired after June 1, 2014) contribute to their retiree healthcare coverage on the same basis as active employees. No retiree healthcare is provided to employees hired after July 1, 2010. Dental and optical are provided to all retirees at no cost.

#### **Mayors Appointed Staff**

- Effective January 1, 2015 any employee hired prior to January 1, 2014 who thereafter retires will contribute to their retiree healthcare coverage on the same basis as active employees. Upon eligibility for Medicare, an H.R.A. will be provided in lieu of insurance.
- For employees hired after January 1, 2014 a MERS Health Care Savings Plan is provided for their retirement healthcare needs. \$2,000 per year, increasing annually in conjunction with the Medical C.P.I., will be deposited into the employees account and available to the employee upon completion of a 10 year vesting period.

#### **AFSCME local 1602 Department of Public services and Clerical**

- Effective January 1, 2017 any employee hired prior to March 19, 2010, who thereafter retires, will contribute to their retiree healthcare coverage on the same basis as active employees. Upon eligibility for Medicare, an H.R.A. will be provided in lieu of insurance.
- For employees who retire between April 4, 2017 and April 4, 2020, the cost sharing is capped at 14% higher than actives for the first five years of retirement. (Currently

## Attachment 5a

the “same as active” retiree calculation is about 15% higher than the active employee cost).

- No retiree healthcare insurance is provided to those hired after March 19, 2010. However, dental insurance is provided at a rate of 5% per year of service and optical reimbursement is provided at no cost.

### **UAW Local 174 Supervisors Union**

- Effective July 1, 2014 any employee hired prior to July 1, 2010, who thereafter retires, will contribute to their retiree healthcare coverage on the same basis as active employees. Upon eligibility for Medicare, an H.R.A. will be provided in lieu of insurance.
- No retiree healthcare insurance is provided to those hired after July 1, 2010. However, dental insurance is provided at a rate of 5% per year of service and optical reimbursement is provided at no cost.

### **Westland Professional Firefighters Union**

- Effective July 1, 2014 any employee hired prior to November 1, 2014, who thereafter retires, will contribute to their retiree healthcare coverage on the same basis as active employees. Upon eligibility for Medicare, an H.R.A. will be provided in lieu of insurance.
- For employees hired after November 1, 2014 a MERS Health Care Savings Plan is provided for their retirement healthcare needs. \$3,000 per year, increasing annually in conjunction with the Medical C.P.I., will be deposited into the employees account and available to the employee upon completion of a 10 year vesting period.

### **Police Officers Association of Michigan (Police & Dispatch)**

- Effective July 1, 2014 any employee hired prior to July 1, 2014, who thereafter retires, will contribute to their retiree healthcare coverage on the same basis as active employees. Upon eligibility for Medicare, an H.R.A. will be provided in lieu of insurance.
- For employees hired after July 1, 2014 a MERS Health Care Savings Plan is provided for their retirement healthcare needs. \$2,000 per year, increasing annually in conjunction with the Medical C.P.I., will be deposited into the employees account and available to the employee upon completion of a 10 year vesting period.
- No retiree dental or vision coverage is provided

### **Westland Lieutenants & Sergeants Association**

- Effective January 1, 2015 any employee hired prior to July 1, 2014, who thereafter retires, will contribute to their retiree healthcare coverage on the same basis as active employees. Upon eligibility for Medicare, an H.R.A. will be provided in lieu of insurance.
- For employees hired after July 1, 2014 a MERS Health Care Savings Plan is provided for their retirement healthcare needs. \$2,000 per year, increasing annually in

## Attachment 5a

conjunction with the Medical C.P.I., will be deposited into the employees account and available to the employee upon completion of a 10 year vesting period.

- Retiree vision is provided at a rate of 4% per completed year of service for those hired before July 1, 2014. No vision coverage is provided to those hired after July 1, 2014.
- No retiree dental coverage is provided to any retiree.

### City Clerk/Deputy Clerk

- Effective January 1, 2014, for employees hired after January 1, 2014 a MERS Health Care Savings Plan is provided for their retirement healthcare needs. \$2,000 per year, increasing annually in conjunction with the Medical C.P.I., will be deposited into the employees account and available to the employee upon completion of a 10 year vesting period.
- Effective January 1, 2015, any employee hired prior to January 1, 2014, who thereafter retires, will contribute to their retiree healthcare coverage on the same basis as active employees. Upon eligibility for Medicare, an H.R.A. will be provided in lieu of insurance.

### Conversion to Self Insured Health

In October, 2009, the City changed health insurance advisors and converted health programs to self-insured plans. The cash refund and annual cost savings were significant. The amount of savings exceeded \$1,650,000 for healthcare.

### Conversion to the Medicare Advantage Plan for Medicare Retirees

In September 2016, the City converted all Medicare Retirees to the Medicare Advantage Plan. This helped contribute towards lowering the liability in the actuary report for fiscal year ending June 30, 2017 by approximately \$104 million of the total \$114,832,278. See below for the dollar amount per the actuary report.

### **Schedule of Changes in Net OPEB Liability and Related Ratios**

OPEB Liability	FY 2017/18	FY 2016/17
<b>Total OPEB Liability</b>		
Total OPEB Liability - beginning of year	\$ 251,953,877	\$ 374,186,564
Service cost	1,655,744	3,169,520
Interest	8,886,490	10,787,150
Change of benefit terms	0	(114,832,278)
Changes in assumptions	(10,890,391)	(18,660,626)
Differences between expected and actual experience	(10,807,734)	6,899,895
Benefit payments	(8,048,550)	(9,596,348)
<b>Net change in total OPEB liability</b>	<b>\$ (19,204,441)</b>	<b>\$ (122,232,687)</b>
<b>Total OPEB Liability - end of year</b>	<b>\$ 232,749,436</b>	<b>\$ 251,953,877</b>

## Attachment 5a

### Other Considerations

The City obtained an updated GASB 75 actuary report for the fiscal year ending June 30, 2018. The total OPEB Liability decreased from \$251,953,877 to \$232,749,436 due to changes to the discount rate and differences between expected and actual experience related to healthcare assumptions. This amount is different from the form 5572 originally filed.

### **Schedule of Changes in Net OPEB Liability and Related Ratios**

OPEB Liability	FY 2017/18	FY 2016/17
<b>Total OPEB Liability</b>		
Total OPEB Liability - beginning of year	\$ 251,953,877	\$ 374,186,564
Service cost	1,655,744	3,169,520
Interest	8,886,490	10,787,150
Change of benefit terms	0	(114,832,278)
Changes in assumptions	(10,890,391)	(18,660,626)
Differences between expected and actual experience	(10,807,734)	6,899,895
Benefit payments	(8,048,550)	(9,596,348)
Net change in total OPEB liability	\$ (19,204,441)	\$ (122,232,687)
Total OPEB Liability - end of year	\$ 232,749,436	\$ 251,953,877
 <b>Plan Fiduciary Net Position</b>		
Plan fiduciary net position - beginning of year	\$ 0	\$ 0
Contributions - employer	8,048,550	9,596,348
Contributions - active employees	0	0
Net investment income	0	0
Benefit payments	(8,048,550)	(9,596,348)
Trust administrative expenses	0	0
Net change in plan fiduciary net position	\$ 0	\$ 0
Plan fiduciary net position - end of year	\$ 0	\$ 0
Net OPEB Liability - end of year	\$ 232,749,436	\$ 251,953,877
Plan fiduciary net position as % of total OPEB liability	0.0%	0.0%
Covered employee payroll	\$ 15,083,255	\$ 14,538,077
Net OPEB liability as % of covered payroll	1,543.1%	1,733.1%

## Attachment 5a

### 4. Description of Prospective Actions

#### System Design Changes

The union contracts below have the following expiration dates:

- 18<sup>th</sup> District Court Workers Association – June 30, 2019
- WPFFU Local 1279 – June 30, 2020
- UAW Local 174 Supervisors – December 31, 2022
- WPOA Lieutenants and Sergeants – December 31, 2019
- 18<sup>th</sup> District Court Non Union – June 30, 2019
- Appointed Officials and Mayor’s Office – December 31, 2018
- WPOAM Patrol & Dispatch – June 30, 2019
- AFSCME Local 1602 – December 31, 2022
- Deputy City Clerk – December 31, 2018
- City Clerk – December 31, 2018

The expiration dates above will provide an opportunity for the City to negotiate plan provisions in a manner to lower or limit the total OPEB liability as the City has done in the past with other contracts.

- Investigate alternative health care provider arrangements for less expensive rates.
- Investigate the benefits of current retiree cost sharing of healthcare costs.
- If the due date for current legislation for Pension & OPEB bonds is extended and the bond-rating requirement is lowered, the City will investigate the benefits for this option.
- Investigate the benefits of offering cash buyouts for retiree healthcare.

#### Additional Funding

The City will establish a trust for the OPEB plan that will allow the City to start contributing towards the total healthcare liability. The City will contribute the Pay-go costs into the trust fund. The trust fund will pay the benefit payments.

In the Other Considerations section below, the City has done a financial forecast of the General Fund. Approximately 12.5 percent of the contributions mentioned in this section are allocated to the Water & Sewer fund based on census information of the plan. The City plans to contribute an additional \$500,000 (\$437,500 for General Fund) above the pay-go costs. As the Pension plan becomes fully funded, the ARC will decrease, which will allow additional funding for the OPEB plan. In 2035, since the Pension plan ARC will decrease, the City plans to redirect those funds to contribute \$3,000,000 (\$2,625,000 for General Fund) in total towards the OPEB liability. In 2040, the Pension plan ARC decreases again and the City plans to redirect those funds to contribute \$6,000,000 (\$5,250,000 for General Fund) in total until the plan is fully funded.

The City will reevaluate the aforementioned contribution plan each year as key factors and assumptions effecting the OPEB plan and the City’s financial projections evolve.

Refer to the Other Considerations section below for the full analysis.

## Attachment 5a

### **Other Considerations**

To fulfill Underfunded Status and Reasonable Timeframe approval criteria:

See attachment 2a for documentation to fulfill Underfunded Status and Reasonable Timeframe approval criteria.

To fulfill Legal and Feasible, and Affordability approval criteria:

The City's analysis on the next few pages shows the City's operational forecast of the General Fund. The analysis includes various increases of revenues and expenditures over time based on historical trends and future expectations. The analysis also includes only recurring revenue sources available for general purposes. All restricted revenue and related expenditures or one time revenues are excluded from the analysis. For example, the MERS plan does not include the Police & Fire Pension plan. This plan is separate and is funded through the ACT 345 millage tax revenue. Therefore, these restricted revenues and related expenditures are excluded from the analysis. In addition, the forecast adds the additional contributions for OPEB per the OPEB corrective action plan. The General Fund portion of the additional \$500,000 (\$437,500 for General Fund) contribution for the OPEB trust is included in the forecast analysis.

Per the analysis on the next few pages, the City expects uses of fund balance that total approximately \$360,000 over the next 4 years. The General Fund's total fund balance at the end of fiscal year ending June 30, 2018 is estimated at approximately \$7.8 million.

## Attachment 5a

### City of Westland

#### General Fund Forecast for fiscal years ending June 30, 2019 through June 30, 2050

##### Excludes Restricted Revenues and Related Expenditures and One-Time Revenues

Analysis Determination	Summary Category	Grouping	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
<b>Unrestricted</b>	<b>Revenues</b>	Taxes	13,395,493.70	13,663,403.57	13,936,671.64	14,215,405.08	14,499,713.18	14,789,707.44
		State Shared Revenue	8,569,234.73	8,783,465.59	9,003,052.23	9,228,128.54	9,458,831.75	9,695,302.55
		Charges for Services	4,797,115.82	4,845,086.97	4,893,537.84	4,942,473.22	4,991,897.95	5,041,816.93
		Court fines and fees	5,486,160.56	5,650,745.38	5,820,267.74	5,994,875.78	6,174,722.05	6,359,963.71
		Licenses and permits	57,423.30	57,997.53	58,577.51	59,163.28	59,754.91	60,352.46
		Interest income	276,300.47	281,826.48	287,463.01	293,212.27	299,076.51	305,058.04
		Cable Franchise fees	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27
		Shared Services Reimbursement	11,096,497.73	11,207,462.71	11,319,537.34	11,432,732.71	11,547,060.04	11,662,530.64
		Other revenue	3,487,763.80	3,518,398.02	3,549,338.57	3,580,588.54	3,612,151.00	3,644,029.08
			<b>48,893,533.38</b>	<b>49,735,929.53</b>	<b>50,595,989.16</b>	<b>51,474,122.68</b>	<b>52,370,750.67</b>	<b>53,286,304.13</b>
	<b>Expenditures</b>	Salary	20,018,374.62	20,218,558.37	20,420,743.95	20,624,951.39	20,831,200.90	21,039,512.91
		Fringes	852,669.78	861,196.47	869,808.44	878,506.52	887,291.59	896,164.50
		General & Administrative	10,520,360.79	10,415,157.18	10,311,005.61	10,311,005.61	10,311,005.61	10,311,005.61
		Utilities	729,412.41	744,000.66	758,880.68	774,058.29	789,539.46	805,330.24
		Healthcare	8,219,379.42	8,548,154.59	8,890,080.78	9,245,684.01	9,615,511.37	10,000,131.82
		Dental	250,273.17	252,775.90	255,303.66	257,856.70	260,435.27	263,039.62
		Life	74,711.89	76,953.25	79,261.85	81,639.70	84,088.90	86,611.56
		Optical	24,758.66	25,501.42	26,266.46	27,054.45	27,866.09	28,702.07
		Insurance	1,747,558.67	1,782,509.84	1,818,160.04	1,854,523.24	1,891,613.70	1,929,445.98
		Pension	5,072,841.00	5,587,500.00	5,955,000.00	6,075,000.00	6,210,000.00	6,397,500.00
		DC Pension	152,173.73	153,695.47	155,232.42	156,784.75	158,352.59	159,936.12
		Debt	375,108.57	375,108.57	375,108.57	375,108.57	375,108.57	375,108.57
		Other expenditures	397,765.78	407,601.84	417,709.86	428,098.28	438,775.84	449,751.57
		Additional OPEB Contribution	437,500.00	437,500.00	437,500.00	437,500.00	437,500.00	437,500.00
	<b>Expenditures</b>		<b>48,872,888.48</b>	<b>49,886,213.57</b>	<b>50,770,062.31</b>	<b>51,527,771.51</b>	<b>52,318,289.88</b>	<b>53,179,740.58</b>
<b>Grand Total</b>	<b>Net Income (Loss)</b>		<b>20,644.90</b>	<b>(150,284.04)</b>	<b>(174,073.15)</b>	<b>(53,648.83)</b>	<b>52,460.79</b>	<b>106,563.55</b>

## Attachment 5a

### City of Westland

#### General Fund Forecast for fiscal years ending June 30, 2019 through June 30, 2050

##### Excludes Restricted Revenues and Related Expenditures and One-Time Revenues

Analysis Determination	Summary Category	Grouping	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Unrestricted	Revenues	Taxes	15,085,501.59	15,387,211.62	15,694,955.86	16,008,854.97	16,329,032.07	16,655,612.71
		State Shared Revenue	9,937,685.11	10,186,127.24	10,440,780.42	10,701,799.93	10,969,344.93	11,243,578.55
		Charges for Services	5,092,235.10	5,143,157.45	5,194,589.03	5,246,534.92	5,299,000.27	5,351,990.27
		Court fines and fees	6,550,762.62	6,747,285.50	6,949,704.06	7,158,195.19	7,372,941.04	7,594,129.27
		Licenses and permits	60,955.99	61,565.55	62,181.20	62,803.01	63,431.04	64,065.36
		Interest income	311,159.20	317,382.39	323,730.03	330,204.63	336,808.73	343,544.90
		Cable Franchise fees	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27
		Shared Services Reimbursement	11,779,155.95	11,896,947.51	12,015,916.98	12,136,076.15	12,257,436.91	12,380,011.28
		Other revenue	3,676,225.95	3,708,744.79	3,741,588.81	3,774,761.27	3,808,265.46	3,842,104.69
			<b>54,221,224.78</b>	<b>55,175,965.31</b>	<b>56,150,989.66</b>	<b>57,146,773.35</b>	<b>58,163,803.72</b>	<b>59,202,580.31</b>
Expenditures	Expenditures	Salary	21,249,908.04	21,462,407.12	21,677,031.19	21,893,801.50	22,112,739.52	22,333,866.91
		Fringes	905,126.15	914,177.41	923,319.18	932,552.38	941,877.90	951,296.68
		General & Administrative	10,311,005.61	10,311,005.61	10,362,560.64	10,414,373.44	10,466,445.31	10,518,777.53
		Utilities	821,436.85	837,865.59	854,622.90	871,715.36	889,149.66	906,932.66
		Healthcare	10,400,137.10	10,816,142.58	11,248,788.28	11,698,739.82	12,166,689.41	12,653,356.98
		Dental	265,670.02	268,326.72	271,009.98	273,720.08	276,457.28	279,221.86
		Life	89,209.91	91,886.21	94,642.79	97,482.08	100,406.54	103,418.74
		Optical	29,563.13	30,450.02	31,363.52	32,304.43	33,273.56	34,271.77
		Insurance	1,968,034.90	2,007,395.59	2,047,543.51	2,088,494.38	2,130,264.26	2,172,869.55
		Pension	6,621,412.50	6,853,161.94	7,093,022.61	7,341,278.40	7,598,223.14	7,864,160.95
		DC Pension	161,535.48	163,150.84	164,782.34	166,430.17	168,094.47	169,775.41
		Debt	375,108.57	375,108.57	375,108.57	375,108.57	375,108.57	375,108.57
		Other expenditures	461,034.83	472,635.28	484,562.93	496,828.13	509,441.59	522,414.39
		Additional OPEB Contribution	437,500.00	437,500.00	437,500.00	437,500.00	437,500.00	437,500.00
			<b>54,096,683.07</b>	<b>55,041,213.47</b>	<b>56,065,858.45</b>	<b>57,120,328.72</b>	<b>58,205,671.21</b>	<b>59,322,972.00</b>
<b>Grand Total</b>	<b>Net Income (Loss)</b>		<b>124,541.71</b>	<b>134,751.84</b>	<b>85,131.22</b>	<b>26,444.63</b>	<b>(41,867.49)</b>	<b>(120,391.70)</b>

## Attachment 5a

### City of Westland

#### General Fund Forecast for fiscal years ending June 30, 2019 through June 30, 2050

##### Excludes Restricted Revenues and Related Expenditures and One-Time Revenues

Analysis Determination	Summary Category	Grouping	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036
Unrestricted	Revenues	Taxes	16,988,724.97	17,328,499.47	17,675,069.46	18,028,570.85	18,389,142.26	18,756,925.11
		State Shared Revenue	11,524,668.01	11,812,784.71	12,108,104.33	12,410,806.94	12,721,077.11	13,039,104.04
		Charges for Services	5,405,510.17	5,459,565.28	5,514,160.93	5,569,302.54	5,624,995.56	5,681,245.52
		Court fines and fees	7,821,953.15	8,056,611.75	8,298,310.10	8,547,259.40	8,803,677.18	9,067,787.50
		Licenses and permits	64,706.01	65,353.07	66,006.60	66,666.67	67,333.33	68,006.67
		Interest income	350,415.80	357,424.12	364,572.60	371,864.05	379,301.33	386,887.36
		Cable Franchise fees	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27
		Shared Services Reimbursement	12,503,811.39	12,628,849.51	12,755,138.00	12,882,689.38	13,011,516.28	13,141,631.44
		Other revenue	3,876,282.31	3,910,801.71	3,945,666.31	3,980,879.54	4,016,444.92	4,052,365.94
			<b>60,263,615.09</b>	<b>61,347,432.88</b>	<b>62,454,571.59</b>	<b>63,585,582.64</b>	<b>64,741,031.25</b>	<b>65,921,496.84</b>
Expenditures	Expenditures	Salary	22,557,205.58	22,782,777.64	23,010,605.42	23,240,711.47	23,473,118.58	23,707,849.77
		Fringes	960,809.64	970,417.74	980,121.92	989,923.14	999,822.37	1,009,820.59
		General & Administrative	10,571,371.42	10,624,228.28	10,677,349.42	10,730,736.17	10,784,389.85	10,838,311.80
		Utilities	925,071.31	943,572.74	962,444.19	981,693.07	1,001,326.94	1,021,353.47
		Healthcare	13,159,491.26	13,685,870.91	14,233,305.75	14,802,637.98	15,394,743.50	16,010,533.24
		Dental	282,014.07	284,834.22	287,682.56	290,559.38	293,464.98	296,399.63
		Life	106,521.30	109,716.94	113,008.44	116,398.70	119,890.66	123,487.38
		Optical	35,299.92	36,358.92	37,449.69	38,573.18	39,730.37	40,922.29
		Insurance	2,216,326.94	2,260,653.48	2,305,866.55	2,351,983.88	2,399,023.56	2,447,004.03
		Pension	8,139,406.58	8,424,285.81	8,719,135.82	9,024,305.57	3,000,000.00	3,090,000.00
		DC Pension	171,473.17	173,187.90	174,919.78	176,668.98	178,435.67	180,220.02
		Debt	375,108.57	375,108.57	375,108.57	375,108.57	375,108.57	375,108.57
		Other expenditures	535,758.01	549,484.32	563,605.60	578,134.56	593,084.39	608,468.69
		Additional OPEB Contribution	437,500.00	437,500.00	437,500.00	437,500.00	2,625,000.00	2,625,000.00
			<b>60,473,357.79</b>	<b>61,657,997.46</b>	<b>62,878,103.70</b>	<b>64,134,934.65</b>	<b>61,277,139.43</b>	<b>62,374,479.48</b>
<b>Grand Total</b>	<b>Net Income (Loss)</b>		<b>(209,742.70)</b>	<b>(310,564.58)</b>	<b>(423,532.11)</b>	<b>(549,352.01)</b>	<b>3,463,891.82</b>	<b>3,547,017.37</b>

## Attachment 5a

### City of Westland

#### General Fund Forecast for fiscal years ending June 30, 2019 through June 30, 2050

#### Excludes Restricted Revenues and Related Expenditures and One-Time Revenues

Analysis Determination	Summary Category	Grouping	FYE 2037	FYE 2038	FYE 2039	FYE 2040	FYE 2041	FYE 2042
<b>Unrestricted</b>	<b>Revenues</b>	Taxes	19,132,063.61	19,514,704.88	19,904,998.98	20,303,098.96	20,709,160.94	21,123,344.16
		State Shared Revenue	13,365,081.64	13,699,208.68	14,041,688.90	14,392,731.12	14,752,549.40	15,121,363.14
		Charges for Services	5,738,057.97	5,795,438.55	5,853,392.94	5,911,926.87	5,971,046.14	6,030,756.60
		Court fines and fees	9,339,821.12	9,620,015.76	9,908,616.23	10,205,874.72	10,512,050.96	10,827,412.49
		Licenses and permits	68,686.73	69,373.60	70,067.34	70,768.01	71,475.69	72,190.45
		Interest income	394,625.10	402,517.61	410,567.96	418,779.32	427,154.90	435,698.00
		Cable Franchise fees	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27
		Shared Services Reimbursement	13,273,047.75	13,405,778.23	13,539,836.01	13,675,234.37	13,811,986.72	13,950,106.58
		Other revenue	4,088,646.18	4,125,289.21	4,162,298.68	4,199,678.24	4,237,431.60	4,275,562.49
			<b>67,127,573.39</b>	<b>68,359,869.80</b>	<b>69,619,010.31</b>	<b>70,905,634.88</b>	<b>72,220,399.62</b>	<b>73,563,977.18</b>
	<b>Expenditures</b>	Salary	23,944,928.27	24,184,377.55	24,426,221.33	24,670,483.54	24,917,188.37	25,166,360.26
		Fringes	1,019,918.80	1,030,117.99	1,040,419.17	1,050,823.36	1,061,331.59	1,071,944.91
		General & Administrative	10,892,503.36	10,946,965.87	11,001,700.70	11,056,709.21	11,111,992.75	11,167,552.72
		Utilities	1,041,780.54	1,062,616.15	1,083,868.48	1,105,545.85	1,127,656.76	1,150,209.90
		Healthcare	16,650,954.57	17,316,992.75	18,009,672.46	18,730,059.36	19,479,261.74	20,258,432.21
		Dental	299,363.62	302,357.26	305,380.83	308,434.64	311,518.99	314,634.18
		Life	127,192.00	131,007.76	134,937.99	138,986.13	143,155.72	147,450.39
		Optical	42,149.95	43,414.45	44,716.89	46,058.39	47,440.14	48,863.35
		Insurance	2,495,944.11	2,545,862.99	2,596,780.25	2,648,715.85	2,701,690.17	2,755,723.97
		Pension	3,182,700.00	3,278,181.00	3,376,526.43	-	-	-
		DC Pension	182,022.22	183,842.45	185,680.87	187,537.68	189,413.06	191,307.19
		Debt	375,108.57	375,108.57	375,108.57	375,108.57	375,108.57	375,108.57
		Other expenditures	624,301.58	640,597.67	657,372.09	674,640.49	692,419.10	710,724.72
		Additional OPEB Contribution	2,625,000.00	2,625,000.00	2,625,000.00	5,250,000.00	5,250,000.00	5,250,000.00
	<b>Expenditures</b>		<b>63,503,867.60</b>	<b>64,666,442.47</b>	<b>65,863,386.06</b>	<b>66,243,103.08</b>	<b>67,408,176.97</b>	<b>68,608,312.35</b>
<b>Grand Total</b>	<b>Net Income (Loss)</b>		<b>3,623,705.79</b>	<b>3,693,427.33</b>	<b>3,755,624.25</b>	<b>4,662,531.81</b>	<b>4,812,222.65</b>	<b>4,955,664.83</b>

## Attachment 5a

### City of Westland

#### General Fund Forecast for fiscal years ending June 30, 2019 through June 30, 2050

##### Excludes Restricted Revenues and Related Expenditures and One-Time Revenues

Analysis Determination	Summary Category	Grouping	FYE 2043	FYE 2044	FYE 2045	FYE 2046	FYE 2047	FYE 2048
Unrestricted	Revenues	Taxes	21,545,811.04	21,976,727.26	22,416,261.81	22,864,587.04	23,321,878.78	23,788,316.36
		State Shared Revenue	15,499,397.22	15,886,882.15	16,284,054.20	16,691,155.55	17,108,434.44	17,536,145.30
		Charges for Services	6,091,064.16	6,151,974.81	6,213,494.55	6,275,629.50	6,338,385.80	6,401,769.65
		Court fines and fees	11,152,234.86	11,486,801.91	11,831,405.97	12,186,348.14	12,551,938.59	12,928,496.75
		Licenses and permits	72,912.35	73,641.47	74,377.89	75,121.67	75,872.88	76,631.61
		Interest income	444,411.96	453,300.20	462,366.21	471,613.53	481,045.80	490,666.72
		Cable Franchise fees	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27	1,727,543.27
		Shared Services Reimbursement	14,089,607.65	14,230,503.73	14,372,808.76	14,516,536.85	14,661,702.22	14,808,319.24
		Other revenue	4,314,074.70	4,352,972.02	4,392,258.31	4,431,937.47	4,472,013.42	4,512,490.13
			<b>74,937,057.21</b>	<b>76,340,346.81</b>	<b>77,774,570.97</b>	<b>79,240,473.03</b>	<b>80,738,815.21</b>	<b>82,270,379.04</b>
Expenditures	Expenditures	Salary	25,418,023.86	25,672,204.10	25,928,926.14	26,188,215.40	26,450,097.56	26,714,598.53
		Fringes	1,082,664.36	1,093,491.00	1,104,425.91	1,115,470.17	1,126,624.87	1,137,891.12
		General & Administrative	11,223,390.48	11,279,507.43	11,335,904.97	11,392,584.49	11,449,547.42	11,506,795.15
		Utilities	1,173,214.10	1,196,678.38	1,220,611.95	1,245,024.19	1,269,924.67	1,295,323.16
		Healthcare	21,068,769.49	21,911,520.27	22,787,981.08	23,699,500.33	24,647,480.34	25,633,379.55
		Dental	317,780.52	320,958.32	324,167.91	327,409.59	330,683.68	333,990.52
		Life	151,873.90	156,430.12	161,123.02	165,956.71	170,935.41	176,063.47
		Optical	50,329.25	51,839.13	53,394.30	54,996.13	56,646.01	58,345.39
		Insurance	2,810,838.45	2,867,055.22	2,924,396.33	2,982,884.25	3,042,541.94	3,103,392.78
		Pension	-	-	-	-	-	-
		DC Pension	193,220.26	195,152.46	197,103.99	199,075.03	201,065.78	203,076.43
		Debt	375,108.57	375,108.57	375,108.57	375,108.57	375,108.57	375,108.57
		Other expenditures	729,574.73	748,987.17	768,980.69	789,574.64	810,789.04	832,644.64
		Additional OPEB Contribution	5,250,000.00	5,250,000.00	5,250,000.00	5,250,000.00	5,250,000.00	5,250,000.00
	Expenditures		<b>69,844,787.97</b>	<b>71,118,932.18</b>	<b>72,432,124.86</b>	<b>73,785,799.50</b>	<b>75,181,445.28</b>	<b>76,620,609.33</b>
<b>Grand Total</b>	<b>Net Income (Loss)</b>		<b>5,092,269.24</b>	<b>5,221,414.63</b>	<b>5,342,446.11</b>	<b>5,454,673.54</b>	<b>5,557,369.93</b>	<b>5,649,769.71</b>

## Attachment 5a

**City of Westland**  
**General Fund Forecast for fiscal years ending June 30, 2019 through June 30, 2050**  
**Excludes Restricted Revenues and Related Expenditures and One-Time Revenues**

Analysis Determination	Summary Category	Grouping	FYE 2049	FYE 2050
Unrestricted	Revenues	Taxes	24,264,082.69	24,749,364.34
		State Shared Revenue	17,974,548.94	18,423,912.66
		Charges for Services	6,465,787.35	6,530,445.22
		Court fines and fees	13,316,351.65	13,715,842.20
		Licenses and permits	77,397.93	78,171.91
		Interest income	500,480.05	510,489.65
		Cable Franchise fees	1,727,543.27	1,727,543.27
		Shared Services Reimbursement	14,956,402.44	15,105,966.46
		Other revenue	4,553,371.61	4,594,661.90
			<b>83,835,965.92</b>	<b>85,436,397.61</b>
Expenditures	Expenditures	Salary	26,981,744.52	27,251,561.96
		Fringes	1,149,270.03	1,160,762.73
		General & Administrative	11,564,329.13	11,622,150.78
		Utilities	1,321,229.63	1,347,654.22
		Healthcare	26,658,714.74	27,725,063.33
		Dental	337,330.42	340,703.73
		Life	181,345.38	186,785.74
		Optical	60,095.76	61,898.63
		Insurance	3,165,460.63	3,228,769.85
		Pension	-	-
		DC Pension	205,107.20	207,158.27
		Debt	375,108.57	375,108.57
		Other expenditures	855,162.94	878,366.23
		Additional OPEB Contribution	5,250,000.00	5,250,000.00
	<b>Expenditures</b>		<b>78,104,898.94</b>	<b>79,635,984.03</b>
<b>Grand Total</b>	<b>Net Income (Loss)</b>		<b>5,731,066.97</b>	<b>5,800,413.58</b>

## Attachment 5a

In conclusion, the above analysis in attachment 5a, the City has documented the corrective action plan to address four approval criteria identified as part of the best practices document issued by the Municipal Stability Board, which are the underfunded status, reasonable timeframe, legal and feasible, and affordability.

### **5. Confirmation of Funding**

Per the form 5597 section 5. Confirmation of Funding, noted that the City is planning to contribute \$500,000 towards the OPEB trust each year.

In addition, all new hires in all union groups, except nonunion for the 18<sup>th</sup> District Court, do not receive post-retirement health benefits. Therefore, there will be minimal normal cost associated with new hires. The City will contribute towards the normal cost for all new hires subsequent to this corrective action plan that would receive retiree health benefits.

Conclude the answer to this section per form 5597 is Yes based on the analysis above.