


IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Franchise Agreement.

City of Southgate, a Michigan Municipal Corporation

WideOpenWest Michigan, LLC, a Delaware corporation doing business as WOW! Cable Internet Phone

By
Joseph Kuspa
Print Name
Mayor
Title
14400 Dix Toledo Rd
Address
Southgate, MI 48195
City, State, Zip
734-258-3022
Phone
734-246-1414
Fax
mayorkuspa@ci.southgate.mi.us
Email


By
Terrell Priester
Print Name
Senior Director of Operations
Title
32650 North Avis Dr.
Address
Madison Heights, MI 48071
City, State, Zip
248-677-9080
Phone
248-677-9021
Fax
terrell.priester@wowinc.com
Email

FRANCHISE AGREEMENT (*Franchising Entity to Complete*)

Date submitted:

Date completed and approved:

ATTACHMENT 1

UNIFORM VIDEO SERVICE LOCAL FRANCHISE AGREEMENT (Pursuant To 2006 Public Act 480) (Form must be typed)

Date: December 20, 2020		
Applicant's Name: WideOpenWest Michigan, LLC d/b/a WOW! Internet Cable Phone		
Address 1: 32650 North Avis Dr.		
Address 2:		Phone: 248-677-9080
City: Madison Heights	State: MI	Zip: 48071
Federal I.D. No. (FEIN): 04-3561701		

Company executive officers:

Name(s): Teresa Elder, Henry Hryckiewicz, Shannon Campain, Don Schena, Bill Case, David Burnick & John Rego
Title(s): CEO,CTO, CCO, CXO, CIO,CHRO & CFO

Person(s) authorized to represent the company before the Franchising Entity and the Commission:

Name: Terrell Priester		
Title: Senior Director of Operations		
Address: 32650 North Avis Dr.; Madison Heights, MI 48071		
Phone: 248-677-9080	Fax: 248-677-9021	Email: terrell.priester@wowinc.com

Describe the video service area footprint as set forth in Section 2(3e) of the Act. (An exact description of the video service area footprint to be served, as identified by a geographic information system digital boundary meeting or exceeding national map accuracy standards.)

Refer to the set of area system prints provided in this package.

[Option A: for Providers that Options B and C are not applicable, a description based on a geographic information system digital boundary meeting or exceeding national map accuracy standards]

[Option B: for Providers with 1,000,000 or more access lines in Michigan using telecommunication facilities to provide Video Service, a description based on entire wire centers or exchanges located in the Franchising Entity]

[Option C: for an Incumbent Video Service Provider, it satisfies this requirement by allowing the Franchising Entity to seek right-of-way information comparable to that required by a permit under the METRO Act as set forth in its last cable franchise or consent agreement from the Franchising Entity entered into before the effective date of the Act]

Pursuant to Section 2(3)(d) of the Act, if the Provider is not an incumbent video Provider, provide the date on which the Provider expects to provide video services in the area identified under Section 2(3)(e) (the Video Service Area Footprint).

Date:

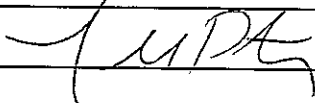
For All Applications:

Verification
(Provider)

I, Terrell Priester, of lawful age, and being first duly sworn, now states: As an officer of the Provider, I am authorized to do and hereby make the above commitments. I further affirm that all statements made above are true and correct to the best of my knowledge and belief.

Name and Title (printed): Terrell Priester, Senior Director of Operations

Signature:



Date:

11/20/2020

(Franchising Entity)

City of Southgate, a Michigan municipal corporation



By

Joseph Kuspa

Print Name

Supervisor

Title

14400 Dix Toledo Rd

Address

Southgate, MI 48195

City, State, Zip

734-258-3022

Phone

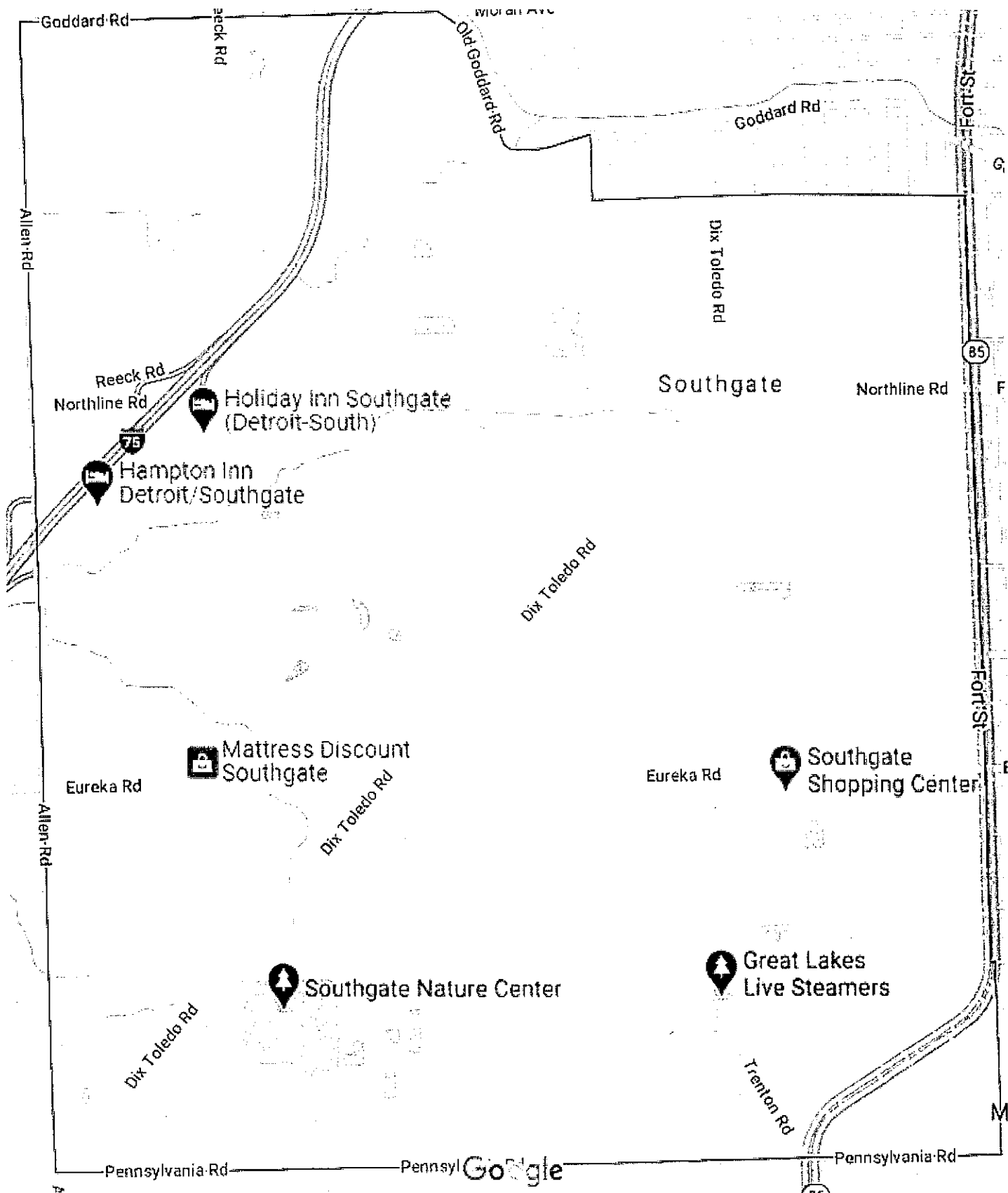
734-246-1414

Fax

mayorkuspa@ci.southgate.mi.us

Email

Date



JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate

- CITY COUNCIL -

JOHN GRAZIANI
Council President

MARK FARRAH

KAREN E. GEORGE

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

To: Honorable City Council Members

From: Dustin Lent, City Administrator

Date: December 11, 2020

Re: Resolution to Approve the Letter of Agreements with Mark Mydlarz

As regulated by Section 64 of the Southgate City Charter, the Administration is respectfully recommending the approval of the Binding Letter of Agreement with Mr. Mark Mydlarz

Mr. Mark Mydlarz has been a valuable asset to the police department over the past 20 years, most recently serving as a Police Lieutenant. Mr. Mydlarz with his expertise and experience will continue to move the Police department forward as the new Police Chief.

Mr. Mydlarz has been an exemplary employee and I look forward to working with him in his new role as Police Chief.

Please do not hesitate to contact me with any additional questions.

BINDING LETTER OF AGREEMENT

THIS LETTER OF UNDERSTANDING is made and entered into this ____ day of December, 2020 by and between **MARK MYDLARZ**, Police Chief, Southgate Police Department (Chief Mydlarz) and the **CITY OF SOUTHGATE**, a Michigan municipal corporation, located at 14400 Dix-Toledo Road, Southgate, Michigan 48195 (City), and shall become effective between the parties upon execution. This agreement memorializes the terms and conditions applicable to Chief Mydlarz, effective and continuous from his date of appointment as Chief.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the parties intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

The Police Chief shall be entitled to the following benefits:

1. Beginning salary of \$99,754.52 effective 1/3/2021, with annual adjustments in base compensation on July 1st of each year starting 7/1/2021, which may reflect those received by the bargaining unit of employees over which the Chief supervises.
2. Considerations, at the discretion of the City Administration, for additional annual adjustments in salary, which when aggregated with number 1 above would be within the range of improvement authorized by City Council for other Department Heads.
3. ALL "allowances" and base wage enhancements, currently being received as of 1/1/2021 including annual "On Call Pay" and "Expense" allowances subject to adjustment in the Command Officers Contract.
4. Except as to number 5 below, ALL other benefits, commonly called "fringe benefits", not less than currently being received as of 1/1/2021, except that all health insurance, including the drug card, will mirror the Command Officers in the Bargaining Unit which the Chief supervises. Fringe benefits may be adjusted if the members the Chief supervises have changes.
5. Executive Latitude Time: shall be provided (at a rate of 8 hours per month on the first of each month) in lieu of compensatory time or overtime. The balance shall reset to zero every July 1st and January 1st. There will be no reimbursement for unused hours.
6. Accumulation of earned vacation days shall not exceed Current Year Plus one year, as of December 31 each year; days accumulated in excess shall be forfeited and not paid.
7. The multiplier will be set at 2.69% for first 25 years and 1% thereafter.
8. Final Average Compensation shall include and be based upon base wage (which shall include out-of-class pay, and shift differential), overtime pay, longevity pay, holiday pay, accumulated and accrued vacation days at the time of retirement, officers training bonus, gun allowance, cleaning and clothing allowance and one half of accumulated sick leave up to a max of (800) hours.
9. There shall be a hard cap of \$80,000.00 after annuity withdrawal. The employee's contribution shall be 10%.
10. Hours of Employment: The normal work schedule shall be Monday through Friday, five (5) eight (8) hour days for a total of forty (40) hours each week. All days shall be eight (8) straight hours and not a split shift.
11. Vacation & Leave Time Requests (including executive latitude and personal business time): Subject to the approval of the City Administrator/Mayor.
12. A City vehicle shall be made available for City related business and may be taken home at night as long as you reside in the City of Southgate.
13. Discipline: In recognition of the fact that the Chief's position must be filled in accordance with Public Act 78, all disciplinary matters regarding the Chief, shall be entitled to the due process provisions and rights articulated in Public Act 78 (Police and Fire Civil Service Act) and the Police Rules and Regulations. The Chief shall have the right to appeal any disciplinary action either directly to the Police and Fire Civil Service Commission or utilize the Binding

- Arbitration right that is contained in the labor contracts of the bargaining units of employees over which the Chief shall have supervision. The choice of forum will be at the Chief's discretion.
14. If a dispute arises concerning this Agreement or Employee's employment with the Employer in any way, shape or form including, but not limited to, any and all statutory, administrative, discrimination, contract, or any other potential, judicial or other claims, such dispute can be resolved only through binding arbitration pursuant to the terms of this arbitration provision, with the exception of discipline as outlined in Section 13. Within one hundred eighty (180) days of the event or occurrence which gives rise to the dispute, either Employee or the Employer may file a demand for arbitration with the Federal Consultation and Mediation Services ("FCMS"). Such arbitration shall be conducted in accordance with FCMS's commercial arbitration rules (except as modified herein). Such arbitration shall be heard by a single Michigan arbitrator. The determination of the arbitrator shall be binding upon both the Employer and Employee. All expenses, costs, administrative filing fees and arbitrator's fees shall be shared equally by the Employer and Employee. The parties further agree that they will comply with the terms of this arbitration provision and any award rendered by the arbitrator, and that a judgment of a court having jurisdiction may be entered upon the award as long as the arbitrator does not exceed their authority or jurisdiction. This arbitration agreement specifically includes, but is not limited to, statutory claims of employment discrimination.
15. Liability Insurance: Shall be provided to cover all lawsuits arising from conduct undertaken within the scope of employment.

This Agreement constitutes the entire understanding of the parties and supersedes any prior agreements, oral understandings, resolutions or statements of intent. This agreement may not be changed, modified or altered in any manner except as mutually agreed to by the parties in writing. In the event that negotiations extend beyond the said expiration date of this Agreement, the terms and provisions of this Agreement shall remain in full force and effect pending agreement upon a new Contract.

This Agreement shall be governed by the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have executed this agreement by their duly authorized representatives this day of December____, 2020.

CITY OF SOUTHGATE, MICHIGAN
A Municipal Corporation

Joseph Kuspa
Mayor

WITNESS

By: _____
Joseph G. Kuspa, Mayor

Witness

Mark Mydlarz
Police Chief

WITNESS

By: _____
Mark Mydlarz, Police Chief

Witness

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate

- CITY COUNCIL -

JOHN GRAZIANI
Council President

MARK FARRAH

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BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

Memorandum

To: Honorable City Council Members

From: Dustin Lent, City Administrator

Date: December 11, 2020

Re: Resolution to Approve the Binding Letter of Agreement with Mr. Joseph Marsh

As regulated by Section 64 of the Southgate City Charter, Mayor Kuspa will be appointing Mr. Joseph Marsh to the position of Director of Public Safety for the City of Southgate. Currently serving as the City's Police Chief, Mr. Marsh is an accomplished professional with 19 years of service to the City of Southgate. Mr. Marsh will immediately assume the duties and responsibilities of the position upon the retirement of Director of Public Safety Jeff Smith on January 2, 2020.

The Administration is respectfully recommending the approval of the Binding Letter of Agreement with Mr. Joseph Marsh.

Please feel free to contact me with any questions and/or comments.

BINDING LETTER OF AGREEMENT

THIS LETTER OF UNDERSTANDING is made and entered into this _____ day of December 2020 by and between **JOSEPH MARSH**, Director of Public Safety, City of Southgate Police Department (Director Marsh) and the **CITY OF SOUTHGATE**, a Michigan municipal corporation, located at 14400 Dix-Toledo Road, Southgate, Michigan 48195 (City), and shall become effective between the parties upon execution. This agreement memorializes the terms and conditions applicable to Director Marsh effective and continuous from his date of appointment as Director of Public Safety.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the parties intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

The Director of Public Safety shall be entitled to the following benefits:

1. Beginning salary of \$106,737.33 effective 1/3/2021, with annual adjustments in base compensation on July 1st of each year starting 7/1/2021, which may reflect those received by the bargaining unit of employees over which the Director shall have supervision.
2. Considerations, at the discretion of the City Administration, for additional annual adjustments in salary, which when aggregated with number 1 above would be within the range of improvement authorized by City Council for other Department Heads.
3. ALL "allowances" and base wage enhancements, currently being received as of 1/3/2021 including annual "On Call Pay" and "Expense" allowances subject to adjustment if the members the Director supervises have changes.
4. Except as to number 5 below, ALL other benefits, commonly called "fringe benefits", shall not be less than Director Marsh would currently be entitled to as of 1/3/2021, except that all health insurance, including the drug card, will mirror the Command Officers in the Bargaining Unit which the Director supervises. Fringe benefits may be adjusted if the members the Director supervises have changes.
5. Executive Latitude Time: shall be provided (at a rate of 8 hours per month on the first of each month) in lieu of compensatory time or overtime. The balance shall reset to zero every July 1st and January 1st. There will be no reimbursement for unused hours.
6. Accumulation of earned vacation days shall not exceed Current Year Plus one year, as of December 31 each year; days accumulated in excess shall be forfeited and not paid.
7. The multiplier will be set at 2.69% for first 25 years and 1% thereafter.
8. Final Average Compensation shall include and be based upon base wage (which shall include out-of-class pay, and shift differential), overtime pay, longevity pay, holiday pay, accumulated and accrued vacation days at the time of retirement, officers training bonus, gun allowance, cleaning and clothing allowance and one half of accumulated sick leave up to a max of (800) hours.
9. There shall be a hard cap of \$80,000.00 after annuity withdrawal. The employee's contribution shall be 10%.
10. Hours of Employment: The normal work schedule shall be Monday through Friday, five (5) eight (8) hour days for a total of forty (40) hours each week. All days shall be eight (8) straight hours and not a split shift.
11. Vacation & Leave Time Requests (including executive latitude and personal business time): Subject to the approval of the Mayor.
12. A City vehicle shall be made available for City related business and may be taken home at night as long as you reside in the City of Southgate.
13. Discipline: All disciplinary matters regarding the Director, shall be entitled to the due process provisions and rights articulated in Public Act 78 (Police and Fire Civil Service Act) and the Fire Rules and Regulations. The Director shall have the right to appeal any disciplinary action either directly to the Police and Fire Civil Service Commission or utilize the Binding Arbitration right that is contained in the

labor contracts of the bargaining units of employees over which the Director shall have supervision. The choice of forum will be at the Director's discretion.

14. If a dispute arises concerning this Agreement or Employee's employment with the Employer in any way, shape or form including, but not limited to, any and all statutory, administrative, discrimination, contract, or any other potential, judicial or other claims, such dispute can be resolved only through binding arbitration pursuant to the terms of this arbitration provision. Within one hundred eighty (180) days of the event or occurrence which gives rise to the dispute, either Employee or the Employer may file a demand for arbitration with the American Arbitration Association ("AAA"). Such arbitration shall be conducted in accordance with AAA's commercial arbitration rules (except as modified herein). Such arbitration shall be heard by a single Michigan arbitrator. The determination of the arbitrator shall be binding upon both the Employer and Employee. All expenses, costs, administrative filing fees and arbitrator's fees shall be shared equally by the Employer and Employee. The parties further agree that they will comply with the terms of this arbitration provision and any award rendered by the arbitrator, and that a judgment of a court having jurisdiction may be entered upon the award as long as the arbitrator does not exceed their authority or jurisdiction. This arbitration agreement specifically includes, but is not limited to, statutory claims of employment discrimination.
15. Liability Insurance: Shall be provided to cover all lawsuits arising from conduct undertaken within the scope of employment.

This Agreement constitutes the entire understanding of the parties and supersedes any prior agreements, oral understandings, resolutions or statements of intent. This agreement may not be changed, modified or altered in any manner except as mutually agreed to by the parties in writing. In the event that negotiations extend beyond the said expiration date of this Agreement, the terms and provisions of this Agreement shall remain in full force and effect pending agreement upon a new Contract.

This Agreement shall be governed by the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have executed this agreement by their duly authorized representatives this day of December ____, 2020.

CITY OF SOUTHGATE, MICHIGAN
A Municipal Corporation

WITNESS

By: _____
Joseph G. Kuspa, Mayor

Witness

By: _____
Janice M. Ferencz, City Clerk

Witness

Joseph Marsh
Director of Public Safety

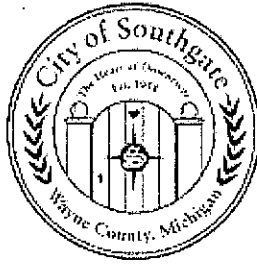
By: _____
Joseph Marsh, Director of Public Safety

Witness

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate

- CITY COUNCIL -

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PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: David Angileri, Assistant City Administrator/Finance Director

DATE: December 8, 2020

RE: Preliminary Review Application for Waiver and Plan (Act 202 of 2017)

Mayor and City Council:

*Attached, please find the Michigan Department of Treasury's form # 5583 (Application for Waiver and Plan Public Act 202 of 2017): **Defined Benefit Pension System**. This is a new requirement as a result of the law passed this past December 2017.*

We have discussed this during our Audit presentations and Budget Sessions. Similar to some of the newer GASB reporting requirements, this new report formalizes the City's position with the State. The threshold for the Police and Fire Retirement System is 60% funded. The System is at 58.87% funded or 1.13% under the threshold but still is considered in underfunded status. The attached form #5583 will show that changes made to the **System Design** along with **Additional Funding** made in the last year of over four hundred thousand dollars. Also the Investment Market is up over 11% since June 30, 2020. The pension system funding should be over 60% by 2021.

City Council approval is here by requested.

If you have any questions regarding this new report, please contact me.

Protecting Local Government Retirement and Benefits Act

Application for Waiver:

Defined Benefit Pension Retirement Systems

Issued under authority of Public Act 202 of 2017.

1. LOCAL GOVERNMENT INFORMATION

Local Government Name: City of Southgate Six-Digit Muni Code: 822270
Defined Benefit Pension System Name: City of Southgate Policeman and Fireman Retirement System
Contact Name (Administrative Officer): David Angileri
Title if not Administrative Officer: Assistant City Administrator/Finance Director
Email: dangileri@ci.southgate.mi.us Telephone: (734) 258-3017
Fiscal Year: 2020

2. GENERAL INFORMATION

Application for Waiver: This Application for Waiver may be filed by any local government with at least one defined benefit pension retirement system that has triggered a preliminary review of underfunded status. In accordance with Public Act 202 of 2017 (the Act), if the State Treasurer determines that the underfunded status is adequately being addressed by the local government, the State Treasurer shall issue a waiver of the determination of underfunded status. If requesting a waiver, you must submit a separate and unique application for each underfunded retirement system as determined by your most recent *Retirement System Annual Report (Form 5572)*.

Due Date: The local government has **45 days from the date of notification** to complete and file the Application for Waiver. Failure to file within 45 days will result in a determination of underfunded status for your local government as defined by the Act, and your local government will be required to submit a corrective action plan to the Municipal Stability Board for approval.

Filing: This Application for Waiver must be approved by the local government's administrative officer and its governing body. **You must provide proof of your governing body approving this Application for Waiver and attach the documentation as a separate PDF document.** Failure to provide documentation that demonstrates approval from your governing body will automatically result in a disapproval of the waiver application.

The completed application must be submitted via email to LocalRetirementReporting@michigan.gov. **If you have multiple underfunded retirement systems, you are required to complete separate applications and send a separate email for each underfunded system.** Please attach each application 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: **Waiver-20XX, Local Government Name, Retirement System Name** (e.g. Waiver-2018, City of Lansing, Employees' Retirement System Pension 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).

Considerations for Waiver: A successful Application for Waiver will demonstrate what your local government **has already done** to adequately address its underfunded status. Prospective solutions will not be granted merit in determining the outcome of the waiver application (e.g. future amendments to collective bargaining agreements, upcoming millage proposals, potential budget changes, etc.). However, Treasury may consider additional ongoing funding dedicated to your retirement system if those commitments have been formally enacted by the governing body and can be documented. Section three of this waiver application allows the local government to enter a brief description of prior

actions that have already been implemented to adequately address its underfunded status. For purposes of Sec. 6.(1) of the Act, this application will also be considered the plan.

Underfunded status for a defined benefit pension system is defined as being less than 60% funded according to the most recent audited financial statements, and, if the local government is a city, village, township, or county, the actuarially determined contribution (ADC) for all of the defined benefit pension retirement systems of the local government is greater than 10% of the local government's annual governmental fund revenues, based on the most recent fiscal year.

General guidelines are listed below to help your local government decide whether to apply for a waiver. Ultimately, waiver approval or disapproval is at the discretion of the State Treasurer; however, waiver applications should generally demonstrate at least one of the following seven criteria. Please check all that apply:

- ☒ In general, local governments that were previously granted a waiver should demonstrate improvement in their underfunded status in the subsequent year. Improvement can be measured by an increase in the funded ratio and/or a decrease in the ADC as a percentage of governmental revenue;
- ☐ There was a mistake in the filing process and the local government is not actually underfunded;
- ☐ Using updated data, such as a more recent actuarial valuation, the local government is not underfunded;
- ☐ If a local government fails to calculate an ADC within their audited financial statement and triggers underfunded status, the local government may file a waiver application to Treasury that includes the calculated ADC;
- ☒ The local government demonstrates their underfunded status will be addressed within four years;
- ☐ The local government is a non-primary government (e.g. road commission, authority, etc.) and demonstrates their ADC for pension is less than 10% of governmental revenues;
- ☐ When adding enterprise fund revenues used specifically to pay retirement costs with governmental fund revenues, your ADC as a percentage of combined revenues is below 10%.

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 indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local 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.

Category of Prior Actions:

- ☒ **System Design Changes** - System design changes may include the following: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: The system's multiplier for current employees was lowered from 2.5X to 2X for the **General Employees' Retirement System on January 1, 2018**. On page 8 of the attached actuarial supplemental valuation, it shows our funded ratio will be **60%** by fiscal year **2021**.

The City has negotiated with its Police command, effective July 1st 2021 an increase of the employee annual pension contribution will increase from 8% to 8.75%.

- ☒ **Additional Funding** – Additional funding may include the following: voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

Sample Statement: The local government provided a lump sum payment of **\$1 million** to the **General Employees' Retirement System on January 1, 2018**. This lump sum payment was in addition to the ADC of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2022**. Please see page 10 of the attached enacted budget, which highlights this contribution of **\$1 million**.

The City has continued to increase the Act 345 millage rate each year in order to continue to meet funding demands of the system. In Fiscal Year 2019/2020 the increase was an additional voluntary contribution of \$466,000 to the Police and Fire Retirement Fund. Attached is an updated actuarial valuation for 2019 demonstration funding of 61.7% Funding Ratio: Market Value Basis.

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

Sample Statement: The information provided on the Form 5572 from the audit used actuarial data from **2016**. Attached is an updated actuarial valuation for **2018** that shows our funded ratio has improved to **62%** as indicated on page 13.

Sample Statement: **\$400,000** of expenditures are directly tied to expenses for retirement obligations from our water and sewer fund. The attached analysis shows that our revenue ratio (ADC / Combined Funds) would only be **9%** when including applicable enterprise fund revenue within the calculation. Additionally, attached are two invoices from MERS showing distributions to our pension fund from the enterprise fund totaling **\$400,000**. As a result, **\$400,000** of our enterprise fund revenues should be combined with our governmental fund revenues to properly demonstrate total available funding.

The System accrued \$968,563.00 in investment income as shown on Page A-4.

4. DOCUMENTATION ATTACHED TO THIS WAIVER APPLICATION

Documentation must be attached as a PDF to this waiver application. The documentation must demonstrate the prior actions that have already been implemented to adequately address the local government's underfunded status. Please ensure this documentation directly supports and highlights the systems funded ratio as entered in section three of the waiver application above. Please check all documents that are included as part of this application 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☒ Attachment – 1☒ Attachment – 2☒ Attachment – 3☐ Attachment – 4☒ Attachment – 5☒ Attachment – 6☒ Attachment – 7☐ Attachment – 8☐ Attachment – 9**Type of Document****This waiver application (required);****Documentation from the governing body approving the waiver application (required);**

Actuarial analysis (annual valuation, supplemental valuation, projection);

An internally developed study, in accordance with GASB and/or actuarial standards of practice, that projects assets and liabilities into the future;

Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information);

Documentation of commitment to additional payments in future years (e.g. resolution, ordinance);

A plan that the local government has already approved to address its underfunded status, which includes documentation of prior actions and the positive impact on the system's funded ratio;

Enterprise fund revenues: Analysis of retirement costs paid using enterprise fund revenues, as well as applicable financial documents (e.g. proof of payment, invoices from retirement plan, bank transactions, general ledger reimbursement transactions);

Other documentation, not categorized above.

6. LOCAL GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF WAIVER APPLICATION

I, David Angileri, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) **(insert title)** Asst City Admin/Fin Dir approve this Application for Waiver. We are requesting a waiver of underfunded status because we have already implemented substantial changes to our retirement system as described above.

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

Using the waiver criteria checked in Section 2 of this application, the City of Southgate Police and Fire Retirement **(Retirement Pension System Name)** will have addressed its underfunded status by fiscal year 2020/2021.

Signature: _____

Date: 12/07/2020

The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) & Public Act 530 of 2016 Pension Report

Enter Local Government Name: City of Southgate		Instructions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting .
Enter Six-Digit MuniCode: 822270		
Fiscal Year End Month: June	Unit Type: City	
Fiscal Year (four-digit year only, e.g., 2019): 2020		
Contact Name (Chief Administrative Officer): David Angier		Questions: For questions, please email LocalRetirementReporting@michigan.gov . Return this original Excel file. Do not submit a scanned image or PDF.
Title (if not CAO): Finance Director		
CAO (or designee) Email Address: dangier@cityofsouthgate.mi.us		
Contact Telephone Number: 734-258-3017		
Pension System Name (not division)		
1 Municipal Employees		
2 Police and Fire		
3		
4		
5		
6		
7		
8		
9		

Time		Source of Data	System 1	System 2	System 3	System 4	System 5
1	Is this unit a primary government (County, Township, City, Village)?	Calculated	YES	YES	YES	YES	YES
2	Provide the name of your retirement pension system	Calculated from above	Municipal Employees	Police and Fire			
3	Financial Information						
4	Enter retirement pension system's assets (system fiduciary net position ending)	Most Recent Audit Report	19,277,640	44,862,168			
5	Enter retirement pension system's liabilities (total pension liability ending)	Most Recent Audit Report	30,994,328	76,199,231			
6	Funded ratio	Calculated	62.2%	58.9%			
7	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	784,296	4,071,175			
8	Governmental Fund Revenues	Most Recent Audit Report	31,676,966	31,676,966			
9	All systems combined ADC/Governmental fund revenues	Calculated	15.3%	15.3%			
10	Membership						
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	39	68			
12	Indicate number of inactive members	Actuarial Funding Valuation used in Most Recent Audit Report	4	3			
13	Indicate number of retirees and beneficiaries	Actuarial Funding Valuation used in Most Recent Audit Report	82	99			
14	Investment Performance						
15	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	14.02%	-3.28%			
16	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	6.39%	3.93%			
17	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	7.97%	4.89%			
18	Actuarial Assumptions						
19	Actuarial assumed rate of investment return	Actuarial Funding Valuation used in Most Recent Audit Report	7.35%	7.25%			
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	Level Percent	Level Percent			
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	15	8			
22	Is each division within the system closed to new employees?	Actuarial Funding Valuation used in Most Recent Audit Report	Yes	No			
23	Uniform Assumptions						
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	19,418,579	47,480,822			
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	35,340,611	77,652,026			
26	Funded ratio using uniform assumptions	Calculated	54.9%	61.1%			
27	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	1,425,776	5,116,759			
28	All systems combined ADC/Governmental fund revenues	Calculated	20.7%	20.7%			
29	Pension Trigger Summary						
30	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary government triggers: Less than 60% funded AND greater than 10% ADC/Governmental fund revenues. Non-Primary government triggers: Less than 60% funded	NO	NO	NO	NO	NO

Requirements (For your information, the following are requirements of P.A. 202 of 2017)
Local governments must post the current year report on their website or in a public place.
The local government must electronically submit the form to its governing body.
Local governments must have had an actuarial experience study conducted by the plan actuary for each retirement system at least every 5 years.
Local governments must have had a peer actuarial audit conducted by an actuary that is not the plan actuary or replace the plan actuary at least every 8 years.

CITY OF SOUTHGATE
2020 - 2021 FISCAL YEAR BUDGET
MILLAGE RATE SUMMARY

<u>CITY</u>	<u>16/17</u>	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>
Operating	10.1366	10.1366	10.1366	10.1295	10.1295
Rubbish	2.4326	2.4326	2.4326	2.4308	2.4308
Act 345 Police & Fire Retirement	8.0260	10.5600	9.8500	9.9520	10.0310
Act 359 of 1925	0.074	0.0740	0.0720	0.0720	0.0675
Parks & Rec 2017	-	-	1.00	0.9993	0.9993
Roads	1.9334	1.9334	1.9334	1.9320	1.9320
Library	0.8800	0.8800	0.8800	0.8800	0.8800
TOTAL CITY MILLAGE	23.4826	26.0166	26.3046	26.3956	26.4701

COUNTY

Operating & Jail	7.5761	7.5761	7.5761	7.5761	7.5761
WC Parks	0.2459	0.2459	0.2459	0.2459	0.2459
Huron/Clinton	0.2154	0.2154	0.2154	0.2154	0.2154
ISD/S. ED.	3.4643	3.4643	3.4643	3.4643	3.4643
Community College	2.4844	2.4844	2.4844	2.4844	2.4844
EPA Levy	1.5260	1.3995	1.3995	0.4100	-
W.C.T.A.	0.5980	0.5980	0.5980	0.5980	0.5980
TOTAL COUNTY MILLAGE	16.1101	15.9836	15.9836	14.9941	14.5841

SCHOOL

Operating	6.0000	6.0000	6.0000	6.0000	6.0000
Debt Retirement	5.1500	5.1500	5.1500	5.1500	5.1500

TOTAL MILLAGE (SOUTHGATE)	45.5927	48.0002	48.2882	47.3897	47.0542
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City of Southgate
County of Wayne, State of Michigan

No. 73-20

RESOLUTION

At a Regular Meeting of the Southgate City Council called to order by Council President John Graziani on August 19, 2020 at 7:00 pm the following resolution was offered:

Moved by Farrah, supported by Zamecki,

RESOLVED THAT the Southgate City Council accepts the Tentative Agreement with the Command Officers Association along with the Early Retirements.

Motion carried unanimously.

Present: Colovos, Farrah, Graziani, Rauch, Rollet, Zamecki

Excused: George

I, Michelle Kessler, Deputy City Clerk of Southgate, do hereby certify that the foregoing is a true, correct and complete copy of a resolution adopted by the Southgate City Council at a regular meeting held on August 19, 2020.


Deputy City Clerk

cc: Mayor, Finance, Priest, Pongracz, COA, files

Collective Bargaining Agreement One Year Extension

The City of Southgate (hereinafter "City") and the Command Officers Association represented by Police Officers Labor Council (hereinafter "Union") are parties to a Collective Bargaining Agreement which expires June 30, 2022;

WHEREAS; Presently the City and the Union are parties to a Collective Bargaining Agreement for the period of July 1, 2018 - June 30, 2022;

WHEREAS; The Parties wish to extend the terms and conditions of the Collective Bargaining Agreement for an additional one-year period for the period of July 1, 2022-June 30, 2023;

WHEREAS; The provisions of the Collective Bargaining Agreement shall remain unchanged except for as specified below.

NOW THEREFORE, the Parties agree as follows:

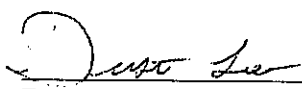
1. The current Collective Bargaining Agreement shall be extended for a period of one (1) year, which shall now expire on June 30, 2023.
2. All members of the Union shall receive a 1.50% pay raise effective July 1, 2022.
3. All members of the Union shall increase their annual pension contribution by 0.75% (8.75%) effective July 1, 2022.
4. The Parties agree that the City shall provide a one-time non-precedential opportunity for identified members of the bargaining unit to retire. This retirement program shall include Detective Sergeant Pongrancz and Investigation traffic Lieutenant Priest.

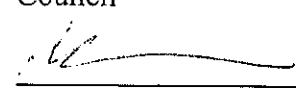
The eligible members must exercise this option within sixty (60) days of City Council Approval. Should the members not retire than this extension agreement shall become null and void.

5. The Parties acknowledge that all other provisions of the Collective Bargaining Agreement shall remain in force and carry over until the expiration date contained in this Extension Agreement.

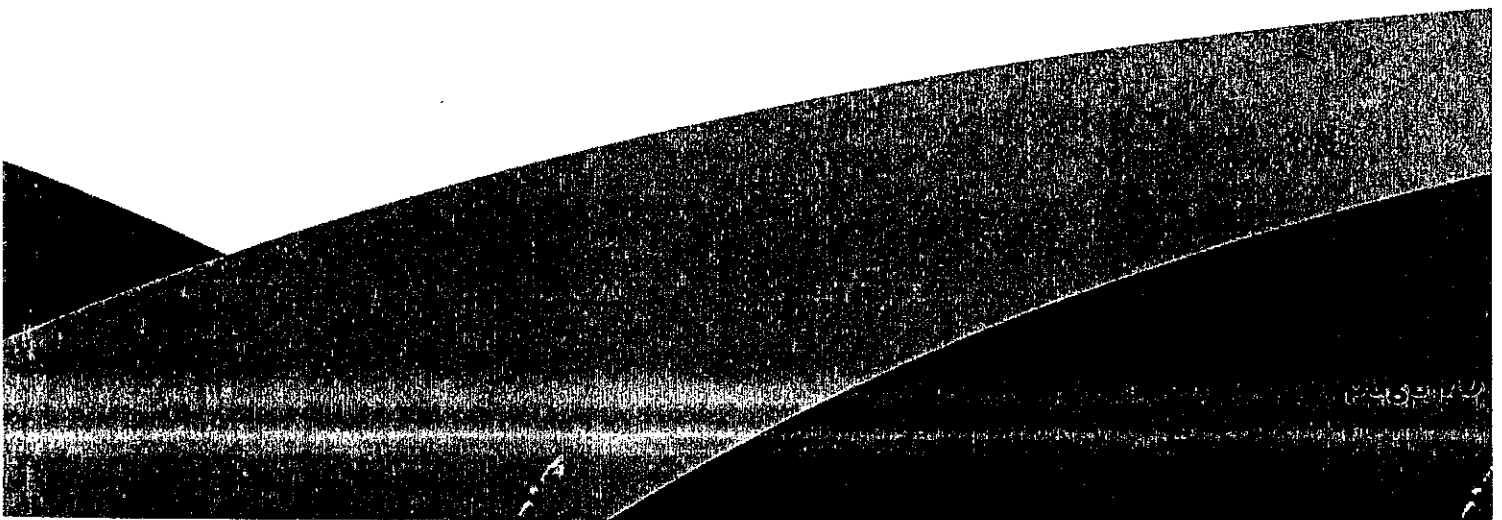
City of Southgate

Command Officers
Association represented by
Police Officers Labor
Council

 8-14-2020
By: _____ Date: _____

 8/14/2020
By: _____ Date: _____

City of Southgate Policemen and
Firemen Retirement System
65th Actuarial Valuation Report
as of June 30, 2019



Contents

Section	Page	
		Introduction
A		Valuation Results
	1-2	Funding Objective and Computed Contributions
	3	Determination of Unfunded Actuarial Accrued Liability
	4	Development of Funding Value of Assets
	5	Derivation of Experience Gain/(Loss)
	6-7	Summary Statement of System Resources and Obligations
	8-11	Comparative Statements
	12-14	Comments, Certification, and Other Observations
B		Valuation Data
	1-3	Summary of Benefit Provisions Evaluated
	4-6	Retired Life Data
	7-8	Active Member Data
	9	Asset Information
C		Actuarial Cost Method and Assumptions
	1-2	Financial Objective
	3	Financing Diagram
	4	Flow of Money Through the Retirement System
	5	Valuation Methods
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	11	Miscellaneous and Technical Assumptions
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Appendix I		
	1	Amortization Payoff Schedule
	2	Excess Earnings Reserve Fund Balance
	3	100-Year Closed Group Projection of Benefit Payments
	4-8	Actuarial Funding Policy
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	1-2	Risk Commentary



December 13, 2019

Retirement Board
City of Southgate Policemen and Firemen
Retirement System
Southgate, Michigan

**Re: City of Southgate Policemen and Firemen Retirement System Annual Actuarial Valuation
as of June 30, 2019**

Dear Board Members:

The results of the June 30, 2019 Annual Actuarial Valuation of the City of Southgate Policemen and Firemen Retirement System are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purposes of the valuation are to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending June 30, 2021, and to determine the excess earnings reserve balance as of June 30, 2019. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The computed contribution amount shown in this report is determined using the actuarial assumptions and methods disclosed in Section C of this report. This report includes risk metrics on page A-8 and in Appendix II, but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The computed contribution amount shown on page A-2 may be considered as a minimum contribution amount that complies with the Board's funding policy. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the System in excess of those presented in this report be considered.

The findings in this report are based on data and other information through June 30, 2019. The valuation was based upon information furnished by the Plan Administrator and City concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator and City.

Future actuarial measurements may differ significantly from those presented in this report due to such factors as experience differing from that anticipated by actuarial assumptions, changes in plan provisions, actuarial assumptions/methods or applicable law. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of future measurements.

This report was prepared using assumptions adopted by the Board. All actuarial assumptions used in this report are reasonable for the purposes of this valuation. Additional information about the actuarial assumptions is included in the section of this report entitled Actuarial Cost Methods and Assumptions.

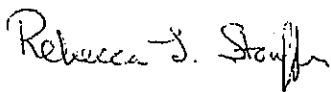
This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the City of Southgate Policemen and Firemen Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Rebecca L. Stouffer and James D. Anderson are Members of the American Academy of Actuaries (MAAA). These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation and report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,



Rebecca L. Stouffer, ASA, FCA, MAAA



James D. Anderson, FSA, FCA, EA, MAAA
RLS/JDA:bd



SECTION A

VALUATION RESULTS

Funding Objective

The funding objective of the Retirement System is to establish and receive contributions, expressed as percents of active member payroll, which will remain reasonably stable from year-to-year and will fund pensions over the working lifetimes of participants.

Contribution Rates

The Retirement System is supported by member contributions, City contributions and investment income from Retirement System assets.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation and are sufficient to:

- (1) Cover the actuarial present value of benefits allocated to the current year by the actuarial cost method described in Section C (the normal cost); and
- (2) Finance over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (unfunded actuarial accrued liability).

Computed contribution rates for the fiscal year beginning July 1, 2020 are shown on page A-2.

City's Computed Contributions

Contributions for	% of Covered Payroll	
	For the Fiscal Year Beginning July 1,	
	2020	2019
Normal Cost of Benefits:		
Age and service	16.75 %	17.27 %
Death before retirement	0.44 %	0.46 %
Disability	1.13 %	1.14 %
Future refunds of member contributions	0.28 %	0.28 %
Total	18.60 %	19.15 %
Members' Contributions	6.57 %	6.60 %
City's Normal Cost	12.03 %	12.55 %
Unfunded Actuarial Accrued Liabilities (UAAL)	77.03 %	70.32 %
Total City Contribution# - %	89.06 %	82.87 %
- \$	\$5,023,945	\$4,532,225

All fiscal calculations are based on the valuation payroll including increases in payroll at the assumed rate of wage inflation. The dollar amount is adjusted for the lag in time between the valuation date and payment date.

Actual employer contributions for the fiscal year ending June 30, 2019 were reported to be \$4,328,200.

The unfunded actuarial accrued liabilities were amortized as a level percent of member payroll. For the fiscal year beginning July 1, 2020, a portion of the UAAL was amortized over a period of one year, a portion over five years, and the remaining UAAL was amortized over a period of seven years.

Comparative contribution rates for prior fiscal years are shown on page A-9.

Determination of Unfunded Actuarial Accrued Liability

	June 30,	
	2019	2018
A. Accrued Liability		
1. For retirees and beneficiaries	\$55,604,425	\$52,768,325
2. For vested terminated members	1,047,343	973,208
3. For present active members		
a. Value of expected future benefit payments	28,758,169	29,533,359
b. Value of future normal costs	9,971,479	9,620,003
c. Active member accrued liability: (a) - (b)	<u>18,786,690</u>	<u>19,913,356</u>
4. Total accrued liability	75,438,458	73,654,889
B. Present Assets (Funding Value)*	<u>47,286,686</u>	<u>45,828,070</u>
C. Unfunded Actuarial Accrued Liability: (A.4) - (B)	<u>28,151,772</u>	<u>27,826,819</u>
D. Funding Ratio: (B) / (A.4)	<u>62.7%</u>	<u>62.2%</u>
E. Funding Ratio: Market Value Basis	<u>61.7%</u>	<u>63.1%</u>

* Net of Excess Earnings Reserve of \$279,772 for June 30, 2019, and \$320,092 for June 30, 2018.

Development of Funding Value of Assets

Year Ended June 30:	2016	2017	2018	2019	2020	2021	2022
A. Funding Value Beginning of Year	\$44,321,849	\$43,967,577	\$44,843,750	\$46,148,162			
B. Market Value End of Year	39,572,048	43,250,895	46,782,048	46,799,259			
C. Market Value Beginning of Year	43,130,491	39,572,048	43,250,895	46,782,048			
D. Non-Investment Net Cash Flow	(2,339,438)	(1,556,454)	(624,967)	(951,352)			
E. Investment Income							
E1. Market Total: B - C - D	(1,219,005)	5,235,301	4,156,120	968,563			
E2. Assumed Rate of Investment Return	7.50%	7.25%	7.25%	7.25%			
E3. Amount for Immediate Recognition	3,236,410	3,131,228	3,228,517	3,311,255			
E4. Amount for Phased-In Recognition: E1-E3	(4,455,415)	2,104,073	927,603	(2,342,692)			
F. Phased-In Recognition of Investment Income							
F1. Current Year: $0.25 \times E4$	(1,113,854)	\$526,018	\$231,901	(585,673)			
F2. First Prior Year	(943,203)	(1,113,854)	526,018	231,901	\$ (585,673)		
F3. Second Prior Year	832,438	(943,203)	(1,113,854)	526,018	231,901	\$ (585,673)	
F4. Third Prior Year	(26,625)	832,438	(943,203)	(1,113,853)	526,019	231,900	\$(585,673)
F5. Total Recognized Investment Gain	(1,251,244)	(698,601)	(1,299,138)	(941,607)	172,247	(353,773)	(585,673)
G. Funding Value End of Year							
G1. Preliminary Funding Value End of Year: (A+D+E3+F5)	43,967,577	44,843,750	46,148,162	47,566,458			
G2. Upper Corridor Limit: $120\% \times B$	47,486,458	51,901,074	56,138,458	56,159,111			
G3. Lower Corridor Limit: $80\% \times B$	31,657,638	34,600,716	37,425,638	37,439,407			
G4. Adjustment to Funding Value	0	0	0	0			
G5. Funding Value End of Year	43,967,577	44,843,750	46,148,162	47,566,458			
H. Difference between Market & Funding Value: B-G5	(4,395,529)	(1,592,855)	633,886	(767,199)			
I. Recognized Rate of Return	4.6 %	5.6 %	4.3 %	5.2 %			
J. Market Rate of Return	(2.9)%	13.5%	9.7 %	2.1 %			
K. Ratio of Funding Value to Market Value	111.1 %	103.7 %	98.6 %	101.6 %			

The Funding Value of Assets recognizes assumed investment income (line E3) fully each year. Differences between actual and assumed investment income (line E4) are phased-in over a closed 4-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than Market Value. The Funding Value of Assets is unbiased with respect to Market Value. At any time it may be either greater or less than Market Value. If actual and assumed rates of retirement income are exactly equal for 3 consecutive years, the Funding Value will become equal to Market Value.

Derivation of Experience Gain/(Loss) Years Ended June 30, 2019 and 2018

Actual experience will never (except by coincidence) coincide exactly with assumed experience. Gains and losses often cancel each other over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain/(loss) is shown below:

	2018-2019	2017-2018
(1) UAAL* at start of year	\$ 27,826,819	\$ 27,908,146
(2) Employer normal cost from last valuation	663,159	650,862
(3) Actual employer contributions	4,328,200	4,321,173
(4) Interest accrual: $[((1) + 1/2[(2) - (3)]) * 7.25\%]$	1,884,587	1,890,292
(5) Expected UAAL before changes: (1)+(2)-(3)+(4)	26,046,365	26,128,127
(6) Effect of Benefit Changes	75,000	0
(7) Excess Earnings transferred to Excess Earnings Reserve Fund	0	0
(8) Expected UAAL after changes: (5)+(6)+(7)	26,121,365	26,128,127
(9) Actual UAAL at end of year	28,151,772	27,826,819
(10) Gain/(loss): (8)-(9)	(2,030,407)	(1,698,692)
(11) Gain/(loss) as percent of actuarial accrued liabilities at start of year (\$73,654,889)	(2.8)%	(2.3)%

* *Unfunded Actuarial Accrued Liabilities.*

Summary Statement of System Resources and Obligations for the Years Ending June 30, 2019 and 2018

Present Resources and Expected Future Resources

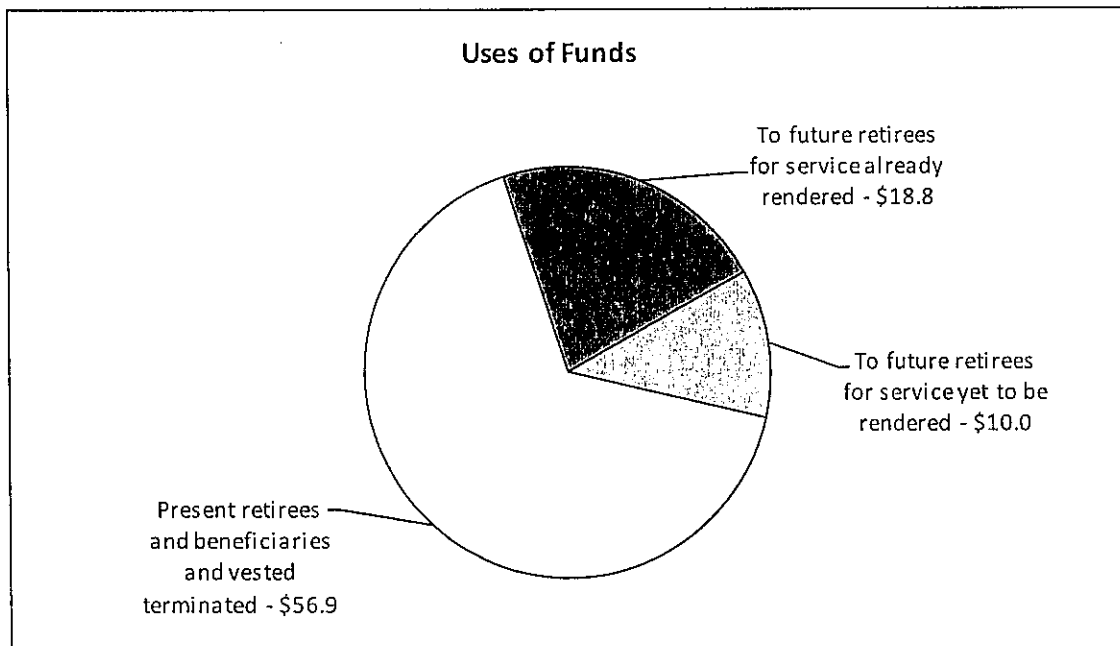
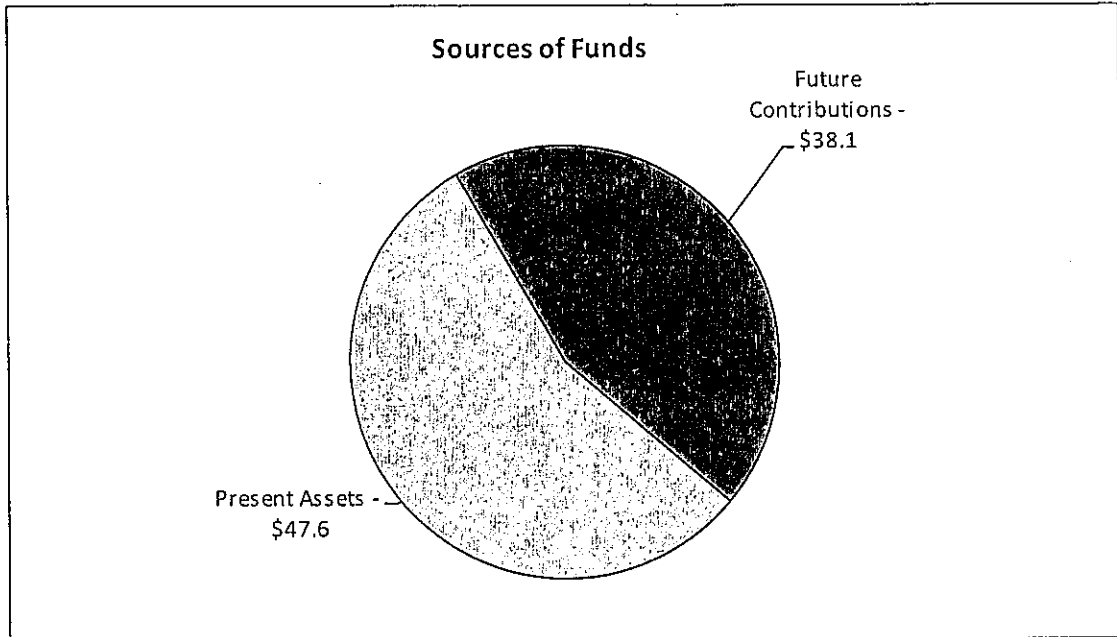
	2019	2018
A. Present valuation assets		
1. Net assets from System financial statements	\$46,799,259	\$46,782,048
2. Market value adjustment	767,199	(633,886)
3. Valuation assets	47,566,458	46,148,162
B. Actuarial present value of expected future employer contributions		
1. For normal costs	6,133,551	6,038,552
2. For unfunded actuarial accrued liability	28,151,772	27,826,819
3. Total	34,285,323	33,865,371
C. Actuarial present value of expected future member contributions	3,837,928	3,581,451
D. Total present and expected future resources	\$85,689,709	\$83,594,984

Actuarial Present Value of Expected Future Benefit Payments

	2019	2018
A. To retirees and beneficiaries #	\$55,884,197	\$53,088,417
B. To vested terminated members	1,047,343	973,208
C. To present active members		
1. Allocated to service rendered prior to valuation date - actuarial accrued liability	18,786,690	19,913,356
2. Allocated to service likely to be rendered after valuation date	9,971,479	9,620,003
3. Total	28,758,169	29,533,359
D. Total actuarial present value of expected future pension payments	\$85,689,709	\$83,594,984

Includes excess earnings reserve fund.

Financing 85.7 Million of Benefit Promises June 30, 2019



Actuarial Accrued Liabilities & Assets Comparative Statement

Valuation Date ¹	Valuation Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Valuation Payroll	Ratio of Valuation Assets To AAL	Amortization Years	Ratio of Valuation Assets To Valuation Payroll	Ratio of AAL To Valuation Payroll	Ratio of UAAL To Valuation Payroll
06-30-00#	\$ 54,290,845	\$ 43,579,816	\$ (10,711,029)	\$ 4,848,076	124.6 %		1,119.8 %	898.9 %	-
06-30-01	56,377,876	43,502,852	(12,875,024)	4,692,492	129.6 %		1,201.5 %	927.1 %	-
06-30-02	55,156,131	47,533,958	(7,622,173)	4,898,127	116.0 %		1,126.1 %	970.5 %	-
06-30-03#	50,720,650	50,848,534	127,884	4,490,451	99.7 %		1,129.5 %	1,132.4 %	2.8 %
06-30-04*	47,582,175	52,671,475	5,089,300	5,065,923	90.3 %		939.3 %	1,039.7 %	100.5 %
06-30-05	45,763,955	53,877,816	8,113,861	5,239,288	84.9 %		873.5 %	1,028.3 %	154.9 %
06-30-06	46,566,532	56,806,766	10,240,234	5,281,801	82.0 %	20	881.6 %	1,075.5 %	193.9 %
06-30-07	49,164,698	59,119,680	9,954,982	5,438,968	83.2 %	19	903.9 %	1,087.0 %	183.0 %
06-30-08#	50,436,365	57,187,103	6,750,738	5,759,174	88.2 %	18	875.8 %	993.0 %	117.2 %
06-30-09#	45,271,102	58,953,581	13,682,479	5,847,595	76.8 %	17	774.2 %	1,008.2 %	234.0 %
06-30-10	43,827,980	61,186,413	17,358,433	5,532,619	71.6 %	16	792.2 %	1,105.9 %	313.7 %
06-30-11	42,616,916	63,999,867	21,382,951	4,922,456	66.6 %	15	865.8 %	1,300.2 %	434.4 %
06-30-12	40,675,521	64,233,512	23,557,991	4,889,791	63.3 %	14	831.9 %	1,313.6 %	481.8 %
06-30-13	41,888,768	65,718,329	23,829,561	4,966,288	63.7 %	13	843.5 %	1,323.3 %	479.8 %
06-30-14	44,251,466	66,847,581	22,596,115	5,047,949	66.2 %	12	876.6 %	1,324.3 %	447.6 %
06-30-15#	44,321,849	67,893,830	23,571,981	4,633,108	65.3 %	11, 5	956.6 %	1,465.4 %	508.8 %
06-30-16*	43,967,577	71,668,730	27,701,153	4,745,297	61.3 %	10, 4	926.6 %	1,510.3 %	583.8 %
06-30-17	44,843,750	72,751,896	27,908,146	4,841,046	61.6 %	9, 3	926.3 %	1,502.8 %	576.5 %
06-30-18	46,148,162	73,974,981	27,826,819	5,105,443	62.4 %	8, 2	903.9 %	1,448.9 %	545.0 %
06-30-19#	47,566,458	75,718,230	28,151,772	5,266,008	62.8 %	7, 5, 1	903.3 %	1,437.9 %	534.6 %

* Actuarial assumptions revised.

Retirement System amended.

! Includes excess earnings reserve.

The **Ratio of Valuation Assets to AAL** is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.

Amortization years indicate the years remaining for financing the UAAL. Historical information is not available for years prior to June 30, 2006.

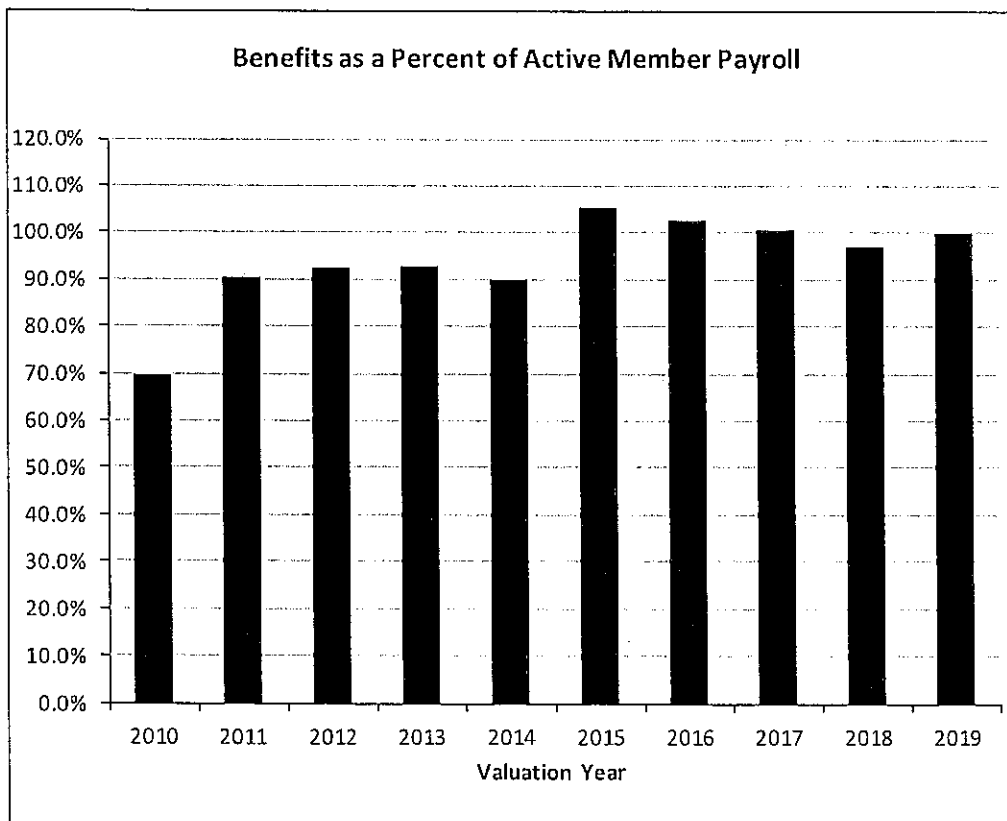
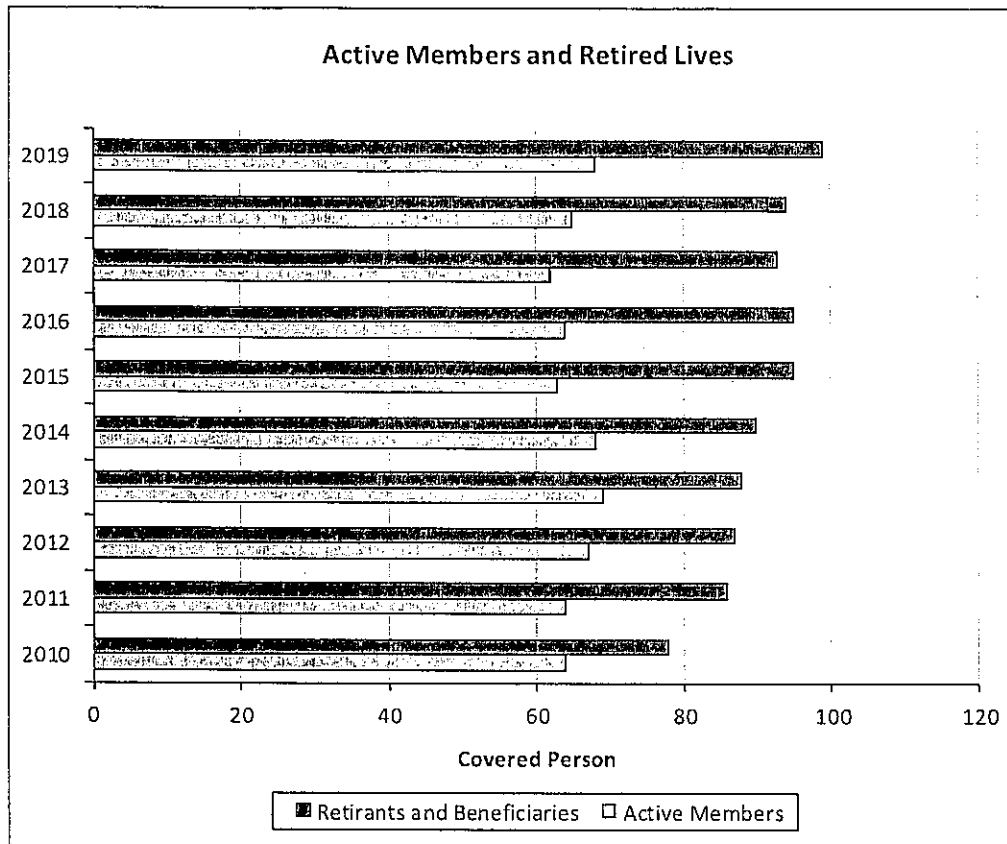
The ratios of assets and AAL to valuation payroll gives an indication of both maturity and volatility. Many systems have ratios between 5 and 7. When ratios are above this range, there may be more volatility in the year-to-year contribution level as a % of pay. For systems that are closed to new hires, it is expected that these ratios will grow as payroll declines.

The ratio of UAAL to valuation payroll gives an indication of the plan sponsor's ability to actually pay off the unfunded liability. A ratio above approximately 3 or 4 may indicate difficulty in discharging the unfunded liability within a reasonable time frame.

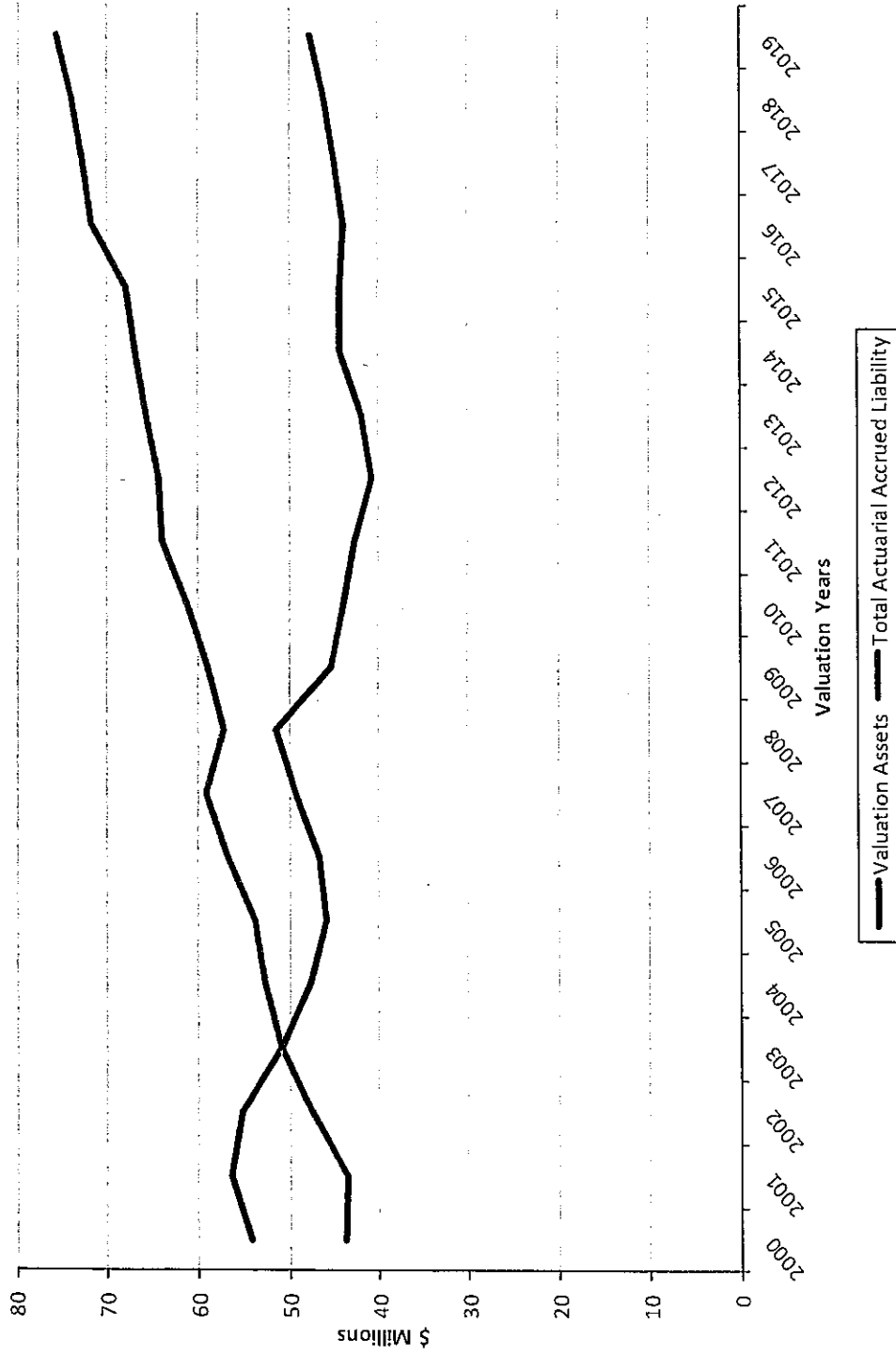
Computed Employer Contributions Comparative Statement

Valuation Date	Active Members			Retirees & Beneficiaries			Employer Contributions			
	No.	Valuation Payroll		No	Active Per Retired	Annual Pensions		as Payroll Percents		
		Total	Average			% Incr.	\$	% of Payroll	Employer Normal Cost	UAAL
06-30-00#	69	\$4,848,076	\$70,262	57	1.2	\$2,032,864	41.9 %	22.5 %	(20.6)%	1.9 %
06-30-01	71	4,692,492	66,091	58	1.2	2,090,714	44.6 %	22.3 %	(22.3)%	(0.0)%
06-30-02	71	4,898,127	68,988	60	1.2	2,210,668	45.1 %	22.0 %	(14.5)%	7.5 %
06-30-03#	64	4,490,451	70,163	73	0.9	3,164,793	70.5 %	21.7 %	0.3 %	22.0 %
06-30-04*	67	5,065,923	75,611	75	0.9	3,170,325	62.6 %	19.1 %	10.1 %	29.2 %
06-30-05	67	5,239,288	78,198	73	0.9	3,134,950	59.8 %	19.1 %	14.3 %	33.4 %
06-30-06	64	5,281,801	82,528	75	0.9	3,337,483	63.2 %	19.4 %	11.8 %	31.2 %
06-30-07	63	5,438,968	86,333	76	0.8	3,433,920	63.1 %	19.4 %	11.7 %	31.1 %
06-30-08#	63	5,759,174	91,415	77	0.8	3,471,224	60.3 %	12.8 %	7.1 %	19.9 %
06-30-09#	66	5,847,595	88,600	76	0.9	3,521,322	60.2 %	13.2 %	16.9 %	30.1 %
06-30-10	64	5,532,619	86,447	78	0.8	3,844,141	69.5 %	13.2 %	23.2 %	36.4 %
06-30-11	64	4,922,456	76,913	86	0.7	4,445,242	90.3 %	13.0 %	33.8 %	46.8 %
06-30-12	67	4,889,791	72,982	87	0.8	4,503,892	92.1 %	13.6 %	39.0 %	52.6 %
06-30-13	69	4,966,288	71,975	88	0.8	4,594,702	92.5 %	13.7 %	40.8 %	54.5 %
06-30-14	68	5,047,949	74,235	90	0.8	4,539,096	89.9 %	14.2 %	40.3 %	54.5 %
06-30-15#	63	4,633,108	73,541	95	0.7	4,878,836	105.3 %	12.4 %	50.0 %	62.4 %
06-30-16*	64	4,745,297	74,145	95	0.7	4,861,054	102.4 %	13.2 %	65.1 %	78.3 %
06-30-17	62	4,841,046	78,081	93	0.7	4,862,301	100.4 %	13.0 %	68.1 %	81.1 %
06-30-18	65	5,105,443	78,545	94	0.7	4,950,768	97.0 %	12.6 %	70.3 %	82.9 %
06-30-19#	68	5,266,008	77,441	99	0.7	5,249,475	99.7 %	12.0 %	77.0 %	89.0 %

* Actuarial assumptions revised.
Retirement System amended.



Assets and Accrued Liabilities



Comments, Certification, and Other Observations

Comment A: The contribution increased from \$4,532,225 last year to \$5,023,945 this year.

Comment B: : Per Section III. C.(3) of the Actuarial Funding Policy (a copy is attached in Appendix I), the increase in present value for two members (allowed to retire earlier than stated requirements) is amortized over a period of 5 years.

Comment C: System experience for the year ended June 30, 2019 was less favorable than assumed, resulting in an overall loss of \$2,030,407. The experience loss was primarily due to unfavorable investment performance, plan participants living longer than expected, and more retirements than expected.

Comment D: An excess earnings reserve fund was established in 1996. The reserve balance as of June 30, 2019 is \$279,772. See Appendix I page 2 for the development of the reserve balance.

A portion of the excess earnings reserve has been used in prior years to provide ad-hoc post-retirement increases. The ad-hoc increases have not been explicitly included when calculating contribution requirements to the Retirement System.

Comment E: As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) is \$28.2 million, and the funded ratio is 62.7% (61.7% on a market value basis). At the time of the last valuation, the funded ratio was 62.2%.

The retired lives are less than fully funded on a market value basis. It is most important that the Plan receive contributions at least equal to the rates shown in this report.

Comment F: The June 30, 2019 actuarial present value of retirement allowances (including the excess earnings reserve) is greater than the balance in the Reserve for Retired Benefit Payments. Past practice has been to maintain an exact balance between assets and liabilities for current retired lives. ***Therefore to the extent possible, we recommend a transfer in the amount of \$15,216,587 from the Reserve for Employer's Contributions to the Reserve for Retired Benefit Payments.*** The transfer was assumed to have been made as of June 30, 2019 for purposes of this valuation.

Comments, Certification, and Other Observations

Michigan Public Act 202: The Michigan State Treasurer has established uniform actuarial assumptions as required by Public Act 202 (PA 202) of 2017 for use with the annual Form 5572 (Retirement System Annual Report). The use of the uniform assumptions for reporting is required for the 2019 and later fiscal years. While this reporting is required by the City and not the Retirement System, it may be anticipated that this information will come from the System's annual actuarial valuation. It is important to remember that these numbers are for reporting purposes and do not necessarily dictate the numbers that should be used for funding purposes (note that the Department of Treasury hopes that over time local governments will use the uniform assumptions for both reporting and funding purposes).

We are unable to certify that the current valuation assumptions and/or methods used by the System match or fall in the range of uniform assumptions established by the Treasurer for PA 202 reporting purposes. Therefore, the results in this valuation would most likely not be suitable for the reporting requirements. We can either:

- Perform calculations based on a different set of assumptions consistent with the Treasurer's established uniform assumptions for PA 202 reporting purposes.
- Discuss with the Board the suitability of using the Treasurer's established assumptions for funding purposes if policymakers wish to consider that change.

Fees associated with either approach will be based on the complexity of the assignment.

Per Section III. F.(1)(a) of the Actuarial Funding Policy (a copy is attached in Appendix I), and in accordance with Public Act 202, a review of Plan experience should be performed at least once every 5 years. The most recent review of system experience covered the period of July 1, 2009 through June 30, 2014. We recommend the Board conduct a review of Plan experience covering the period July 1, 2014 through June 30, 2019.

Looking Ahead: Due to the asset smoothing method only a portion of the current year asset loss was recognized, and portions of prior year's gains and losses remain to be recognized. If the Market Value of Assets were used (instead of smoothed value), the employer contribution would have been approximately \$5,200,000 (instead of \$5,023,945), and the funded status would have been about 61.7% (instead of 62.7%).

Certification: We certify that the valuation is complete and accurate and was made in accordance with generally recognized actuarial methods. The actuarial assumptions summarized in Section C are in aggregate a reasonable representation of the past and anticipated future experience of the System.

Comments, Certification, and Other Observations (Concluded)

OTHER OBSERVATIONS:

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.25% on the actuarial value of assets), it is expected that:

- 1) employer normal cost amounts as a percentage of payroll will remain approximately level year to year;
- 2) the unfunded actuarial accrued liability will be fully amortized after 7 years; and
- 3) the funded status of the plan will increase gradually towards a 100% funded ratio.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the actuarial value of assets. Unless otherwise indicated, with regards to any funded status measurements presented in this report:

- 1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.
- 2) The measurement is inappropriate for assessing the need for or the amount of future employer contributions.
- 3) The measurement would produce a different result if the market value of assets were used instead of the actuarial value of assets, unless the market value of assets is used in the measurement.
- 4) The funding level of the plan on a Market Value basis as of June 30, 2019 is shown on page A-3.

SECTION B

VALUATION DATA

Brief Summary of Act 345 Benefit Provisions as of June 30, 2019

Service Retirement

Eligibility: All groups: Age 50 with 25 or more years of service or age 60 regardless of service.

Amount: The benefit amounts attributable to service retirements and the conditions under which such benefits may be paid are described in tabular form on page B-3.

Eligibility	Amount
Deferred Retirement	
10 or more years of service.	Computed as service retirement but based upon service, FAC and benefit in effect at termination. Benefit begins at date retirement would have occurred had member remained in employment.
Death After Retirement Survivor's Pension	
Payable to a surviving spouse, if any, upon the death of a retired member who was receiving a straight life pension which was effective July 1, 1975 or later.	Spouse's pension equals 60% of the pension retiree was receiving.
Non-Duty Death-In-Service Survivor's Pension	
Payable to a surviving spouse, if any, upon the death of a member with 10 or more years of service.	Accrued straight life pension actuarially reduced in accordance with an Option I election.
Duty Death-In-Service Survivor's Pension	
Payable upon the expiration of worker's compensation to the survivors of a member who died in the line of duty.	Same amount that was paid by worker's compensation.
Non-Duty Disability	
Payable upon the total and permanent disability of a member with 5 or more years of service.	To Age 55: 1.5% of FAC times years of service. At Age 55: Same as service retirement pension.
Duty Disability	
Payable upon the total and permanent disability of a member in the line of duty.	To Age 55: 50% of FAC. At Age 55: Same as service retirement pension with service credit from date of disability to age 55.
Member Contributions	
Police Chief, Fire Chief, and Public Safety Director	10.0% of covered compensation.
All Others	6.5% of covered compensation.
FAC Period	
All	Average of the highest 3 years of annual compensation during the 10 years immediately preceding retirement.

Brief Summary of Act 345 Benefit Provisions as of June 30, 2019

Includable Compensation

IAFF Local 1307

- FAC for Command Officers promoted to command on or before 7/1/2006 shall be based upon all compensation received during the employees FAC period, to include any payment received for sick, vacation, or bonus vacation days.
- For employees promoted to command after 7/1/2006, ½ sick with a maximum cap of 45 days.
- For employees hired after 1/1/2008 only base wage, longevity pay, and unused vacation (capped at 5 days) shall be factored into FAC.

Police (COA)

- FAC for all employees shall be based upon all compensation received during the employees FAC period, to include any payment received for sick, vacation, or bonus vacation days. In addition, the dollar value of any compensatory time earned during the officer's FAC period shall be factored in.
- For employees promoted prior to 7/1/2006 the FAC shall include all of the items above up to a maximum of 1600 sick hours.
- For employees hired after 7/1/2007 FAC will not include any sick time payout.

Police Patrol

- For employees hired after 1/1/1981, FAC shall be based upon base wage, overtime pay, longevity pay, holiday pay, accumulated and accrued unused vacation days at the time of retirement, officer training bonus, gun allowance and cleaning and clothing allowance, and one half of accumulated sick leave, to a maximum of 800 hours.
- For employees hired after 7/1/2008, FAC will only include base wage, longevity pay, and unused vacation time (capped at 120 hours).

Brief Summary of Act 345 Benefit Provisions as of June 30, 2019

Group	Benefit Formula		Maximum Annual Benefit After Annuity Withdrawal ^{3,4}	Comment
	Multiplier x Service	Multiplier x Service		
IAFF Local 1307 Tier 1: Hired before 7/1/08, retired after 7/1/15 Tier 2: Hired on 7/1/08 and before 7/2/18, retired after 7/1/15 Tier 3: Hired after 7/1/18	2.69%	first 25 + 1.00%	\$80,000	1
	2.69%	first 25 + 1.00%	\$70,000	1
	2.69%	first 25 + 1.00%	\$70,000	1
Police (COA) Tier 1: Hired before 7/1/08, retired after 7/1/15 Tier 2: Hired on 7/1/08 and before 7/2/18, retired after 7/1/15 Tier 3: Hired after 7/1/18	2.69%	first 25 + 1.00%	\$80,000	2
	2.69%	first 25 + 1.00%	\$70,000	2
	2.69%	first 25 + 1.00%	\$70,000	2
Police Patrol Tier 1: Hired before 7/1/08, retired after 7/1/15 Tier 2: Hired on 7/1/08 and before 7/2/18, retired after 7/1/15 Tier 3: Hired after 7/1/18	2.69%	first 25 + 1.00%	\$80,000	-
	2.69%	first 25 + 1.00%	\$70,000	-
	2.69%	first 25 + 1.00%	\$70,000	-
Current Public Safety Director	2.69%	first 25 + 1.00%	\$89,447	-

¹ Members promoted to command positions on or after 7/1/06 will be provided the same pension calculations and payout at retirement as they were provided as non-command officers.

² Members promoted to COA on or after 7/1/06 will maintain their current benefits unless the COA agreement provides less.

³ Payable as straight life annuity.

⁴ Annuity withdrawal is not offered to members hired after 7/1/18.

Retirees and Beneficiaries Added to and Removed from Rolls Comparative Statement

Year Ended	Added to Rolls		Removed from Rolls		Rolls End of Year		Pensions as a % of Member Payroll	Average Pension	Present Value of Pensions ⁺
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions			
06-30-00	2	\$ 116,528			57	\$ 2,032,864	41.9%	\$35,664	\$ 22,006,686
06-30-01	2	75,688	1	\$ 17,838	58	2,090,714	44.6%	36,047	22,451,152
06-30-02#	2	119,954			60	2,210,668	45.1%	36,844	23,501,605
06-30-03	15	1,022,154	2	68,029	73	3,164,793	70.5%	43,353	34,597,105
06-30-04@	1	5,531			74	3,170,325	62.6%	42,842	34,497,627
06-30-05	2	34,630	3	70,005	73	3,134,950	59.8%	42,945	33,702,098
06-30-06	5	257,163	3	54,630	75	3,337,483	63.2%	44,500	35,632,439
06-30-07	3	158,889	2	62,452	76	3,433,920	63.1%	45,183	36,359,122
06-30-08@	1	42,164		4,860	77	3,471,224	60.3%	45,081	36,296,873
06-30-09@	2	104,196	3	54,098	76	3,521,322	60.2%	46,333	36,639,620
06-30-10	6	423,407	4	100,588	78	3,844,141	69.5%	49,284	40,118,035
06-30-11^	10	662,697	2	61,596	86	4,445,242	90.3%	51,689	47,597,576
06-30-12	2	123,636	1	64,986	87	4,503,892	92.1%	51,769	47,475,689
06-30-13	2	112,805	1	21,995	88	4,594,702	92.5%	52,213	47,905,503
06-30-14	5	125,168	4	180,774	89	4,539,096	89.9%	51,001	46,866,286
06-30-15@	9	480,526	3	140,786	95	4,878,836	105.3%	51,356	51,295,005
06-30-16@	2	101,081	2	118,863	95	4,861,054	102.4%	51,169	52,406,109
06-30-17@	1	102,311	3	101,064	93	4,862,301	100.4%	52,283	52,144,215
06-30-18	2	134,033	1	45,566	94	4,950,768	97.0%	52,668	52,768,325
06-30-19@	5	298,707			99	5,249,475	99.7%	53,025	55,604,425

@ Revised actuarial assumptions and/or benefit provisions.

+ Excludes excess earnings reserves.

Does not include window retirees.

^ Includes members electing to enter one year Trust.

Retirees and Beneficiaries as of June 30, 2019 Tabulated by Type of Pension Being Paid

Type of Pension Being Paid	No.	Annual Pensions
Age and Service Pensions		
Regular Pension - terminating at death of retirant*	21	\$ 865,506
Regular Pension - automatic 60% spouse benefit	56	3,809,831
Survivor Benefit	8	192,477
Total Age and Service Pensions	85	4,867,814
Casualty Pensions		
Duty Disability Pensions	11	299,912
Duty Death	1	22,932
Non-Duty Death	2	58,817
Total Casualty Pensions	14	381,661
Total Pensions Being Paid	99	\$5,249,475

*Includes EDRO Alternate Payees.

On the valuation date, there are three vested former members, ages 49, 50, and 50, with total estimated annual benefits of \$105,408.

Retirees and Beneficiaries June 30, 2019 Tabulated by Attained Age

Attained Age	No.	Annual Pensions
40-44	2	\$ 58,817
45-49	2	93,900
50-54	10	633,592
55-59	11	653,425
60-64	14	1,035,736
65-69	20	1,102,649
70-74	11	606,173
75-79	17	649,981
80-84	7	276,745
85-89	3	102,941
90-94	2	35,516
Totals	99	\$5,249,475

Average Age at Retirement: 51.4 years
Average Age Now: 67.7 years

Active Members -- Comparative Statement

Valuation Date	Active Members	Valuation Payroll	Average			
			Age	Service	Pay	% Inc.
06-30-00	69	\$4,848,076	39.2	12.5	\$70,262	8.9 %
06-30-01	71	4,692,492	39.4	12.7	66,091	(5.9)%
06-30-02	71	4,898,127	39.8	12.9	68,988	4.4 %
06-30-03	64	4,490,451	37.3	10.2	70,163	1.7 %
06-30-04	67	5,065,923	37.9	10.8	75,611	7.8 %
06-30-05	67	5,239,288	38.9	11.8	78,198	3.4 %
06-30-06	64	5,281,801	39.3	12.4	82,528	5.5 %
06-30-07	63	5,438,968	40.0	13.1	86,333	4.6 %
06-30-08	63	5,759,174	40.7	13.7	91,415	5.9 %
06-30-09	66	5,847,595	40.4	13.6	88,600	(3.1)%
06-30-10	64	5,532,619	40.3	13.5	86,447	(2.4)%
06-30-11	64	4,922,456	37.7	11.2	76,913	(11.0)%
06-30-12	67	4,889,791	37.9	11.0	72,982	(5.1)%
06-30-13	69	4,966,288	38.0	11.1	71,975	(1.4)%
06-30-14	68	5,047,949	39.1	12.4	74,235	3.1 %
06-30-15	63	4,633,108	38.4	12.2	73,541	(0.9)%
06-30-16	64	4,745,297	38.6	12.4	74,145	0.8 %
06-30-17	62	4,841,046	39.0	13.3	78,081	5.3 %
06-30-18	65	5,105,443	38.6	12.8	78,545	0.6 %
06-30-19	68	5,266,008	37.8	11.5	77,441	(1.4)%

Active Members Added to and Removed from Rolls

Valuation Date	Number Added During Year		Terminations During Year										Active Members End of Year
			Normal Retirement		Disability Retirement		Died-In- Service		Withdrawals				
									Vested	Other	Total		
	A	E	A	E	A	E	A	E	A	A	A	E	
6-30-15	2	7	6	2.1	0	0.1	0	0.1	0	1	1	1.0	63
6-30-16	3	2	1	0.8	0	0.1	1	0.1	0	0	0	0.8	64
6-30-17	1	3	1	0.4	0	0.1	0	0.0	0	2	2	0.9	62
6-30-18	6	3	1	0.5	0	0.1	1	0.1	0	1	1	0.7	65
6-30-19	8	5	4	0.3	1	0.1	0	0.1	0	0	0	1.2	68
5-Year Totals	20	20	13	4.1	1	0.5	2	0.4	0	4	4	4.6	

A = actual

E = expected

Active Members as of June 30, 2019 by Attained Age and Years of Service

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	6							6	\$ 309,227
25-29	8	1						9	503,482
30-34	2	11	2					15	1,097,261
35-39	1	2	3					6	430,689
40-44	2		1	7	2			12	1,007,744
45-49			1	4	11	1		17	1,636,422
50-54	1				1			2	163,294
55-59					1			1	117,889
Total	20	14	7	11	15	1		68	\$ 5,266,008

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 37.8 years
Service: 11.5 years
Annual Pay: \$77,441

Summary of Current Asset Information

Balance Sheet

Current Assets		Reserve for	
Cash & Equivalents	\$ 3,413,264	Employees' Contributions	\$ 6,131,649
Receivables & Accruals	296,421	Employer Contributions	0
Investments	43,089,574	Retired Benefit Payments	40,387,838
Miscellaneous Assets	0	Excess Earnings	279,772
Total Current Assets	\$46,799,259	Total Reported Reserves	\$46,799,259
Market Adjustment	767,199	Market Adjustment	767,199
Total Valuation Assets	\$47,566,458	Total Valuation Reserves	\$47,566,458

Revenues and Expenditures

	2018-2019	2017-2018
Valuation Assets - July 1	\$46,148,162	\$44,843,750
Revenues		
Employees' Contributions	369,558	327,018
Employer Contributions	4,328,200	4,321,173
Recognized Investment Income	2,699,799	2,223,974
Expenditures		
Benefit Payments and Refund of Member Contributions	5,649,110	5,273,158
Investment Expense	330,151	294,595
Valuation Assets - June 30	\$47,566,458	\$46,148,162

Valuation assets are equal to a smoothed asset value. The derivation of valuation assets is shown on page A-4.

SECTION C

ACTUARIAL COST METHOD AND ASSUMPTIONS

Basic Financial Objective and Operation of the Retirement System

Benefit Promises Made Which Must Be Paid For. A retirement program is an orderly means of handing out, keeping track of, and financing contingent pension promises to a group of employees. As each member of the retirement program acquires a unit of service credit they are, in effect, handed an "IOU" which reads: "The Retirement System promises to pay you one unit of retirement benefits, payments in cash commencing when you retire."

The principal related financial question is: When shall the money required to cover the "IOU" be contributed? This year, when the benefit of the member's service is received? Or, some future year when the "IOU" becomes a cash demand?

The Constitution of the State of Michigan is directed to the question:

"Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and such funding shall not be used for financing unfunded accrued liabilities."

This Retirement System meets this constitutional requirement by having the following ***Financial Objective: To establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year-to-year*** and will not have to be increased for future generations of taxpayers.

Translated into actuarial terminology, a level percent-of-payroll contribution objective means that the contribution rate must be at least:

Normal Cost (the current value of benefits likely to be paid on account of members' service being rendered in the current year)

... plus ...

Interest on the Unfunded Actuarial Accrued Liability (the difference between the actuarial accrued liability and current system assets).