

April 9, 2024

PERSONAL & CONFIDENTIAL

Allan J. McDonald  
Charter Township of Shelby  
52700 VanDyke  
Shelby Township, MI 48316

RE: Shelby Township Retiree Healthcare Plan

Dear Allan:

Transmitted via email, this is a revised copy of your OPEB accounting report for the fiscal year ending December 31, 2023. The revision is for correction to rounding differences and changing the Police Chief from the Patrol Group to the Command Group.

If you have any questions about this report, please call me at (616) 742-9244.

Sincerely,



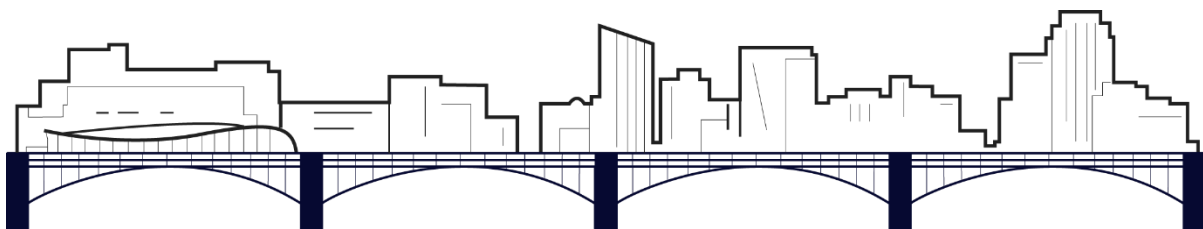
Christian R. Veenstra, FCA, ASA, MAAA  
President / Enrolled Actuary

Enclosure

# Shelby Township Retiree Healthcare Plan

## Accounting Report

for the Period Ending December 31, 2023  
under GASB Statement 74 & 75



Report presented by:



March 2024

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## INTRODUCTION AND CERTIFICATION

The schedules included in this report have been prepared to provide the information necessary to comply with Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75. This information may, at the discretion of the management of the plan sponsor and its auditor, be used for the preparation of its financial statements. The calculations herein have been made based on our understanding of GASB 74 and 75 and may be inappropriate for other purposes.

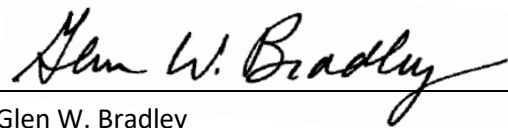
The calculations summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions used in the report are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. However, other assumptions are also reasonable and appropriate, and their use would produce different results.

This report contains additional information and details related to plan provisions and recommended contribution calculations.

This report was prepared based on participant data and asset values as reported to us by the plan sponsor. Watkins Ross relied upon the data as submitted and has no reason to believe that any information which would have a material effect on the results of this valuation, was not considered in the preparation of the report.

The actuary certifying this report represents himself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

**Prepared by:**



Glen W. Bradley  
Senior Pension Analyst

**Certified by:**



Christian Veenstra, FCA, ASA, MAAA, EA  
Enrolled Actuary #23-05668

**Peer reviewed:**



Joey Shackelford, ASA, MAAA  
Actuary

## COMMENTS

### **Purpose of Governmental Accounting Standards Board (GASB) Reporting**

The objective of GASB is to provide guidelines and requirements for accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources and methods and assumptions that are required to be used to project benefit payments and discount those payments to their actuarial present value.

### **State of Michigan Public Act 202**

Public Act 202 (PA 202) was drafted to address the underfunded status of pension and retiree healthcare plans of local governments in Michigan. Accordingly, PA 202 included transparency and funding requirements. In addition, in order that the plans' funded status be reported on a consistent basis, Uniform Assumptions were published. While all of the Uniform Assumptions have a sound and reasonable basis, some might not be appropriate for each plan and therefore may be different than what is used for funding. Additionally, some of the assumptions may differ from what is required for reporting under GASB.

### **PA 202 further requires that plans covering 100 or more Plan Members – active and inactive:**

- 1. At least every 5 years, the local unit of government (city, village, township, county, county road commission or other districts, authorities created by the state or 1 or more these entities) shall have an actuarial experience study conducted by the plan actuary for each retirement system of the local unit of government and**
- 2. At least every 8 years, the local unit of government shall do at least 1 of the following:**
  - a. Have a peer actuarial audit conducted by an actuary that is not the plan actuary**
  - b. Replace the plan actuary**

### **Actuarial Experience Study – mailed separately**

#### **Additional comments**

As part of taking over actuarial valuation services, every attempt is made to duplicate the results of the prior actuary to accurately assess the impact of any assumption, method or system changes. Accordingly, the plan sponsor provided Watkins Ross with the information necessary to match the results of the December 31, 2021 report – which was done within 0.02%. Further, a roll-forward to 2022 matched the 2022 roll-forward in the 2021 report within 0.05% suggesting that our methods and assumptions were consistent not only for determining the liability but also for determining expected annual changes – service cost and benefit payments.

However, the final 2022 (interim) report produced by the prior service provider adjusted the roll-forward value reducing the projected liability by 7.0%. An email exchange with the prior actuary and the summary of costs in the report indicated that this adjustment was done to reflect lower than expected costs from what otherwise would have been valued during the interim period. The costs shown in the report and those provided to Watkins Ross for that interim reporting don't seem to support that adjustment. Watkins Ross cost analysis shows most costs increasing 7.0% and 9.0% per annum for pre-and post-65 respectively – except for the costs for plan options elected by fewer than 10% of the covered population which do show a modest year-over-year change – suggesting that the roll-forward without adjustment would have been more appropriate for the interim reporting period. Watkins Ross reconciles from the reported entries, though.

### **Peer Review and rotation of Certifying Actuary**

Current year Certifying Actuary: Christian Veenstra

Peer reviewed/change in Actuary: 12/31/2023

## PLAN DESCRIPTION

### Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Shelby Township Retiree Healthcare Plan and additions to/deductions from the Township's fiduciary net position have been determined on the same basis as they are reported by the Charter Township of Shelby. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Plan Description

**Shelby Township Retiree Healthcare Plan** is a single employer plan established and administered by **Charter Township of Shelby** and can be amended at its discretion.

### Benefits Provided

A summary of the benefits provided is available in the Plan Provisions section of the report.

### Summary of Plan Participants

As of December 31, 2023, Retirement Plan membership consisted of the following:

Active members	111
Inactive members	0
Retirees and beneficiaries	<u>248</u>
Total members	359

### Contributions

The Shelby Township Retiree Healthcare Plan was established and is being funded under the authority of the Township and under agreements with unions representing various classes of employees. The plan's funding policy is that the employer will contribute an amount that approximates the annual retiree benefit payments made from the fund.

## ASSUMPTIONS AND METHODS

The Charter Township of Shelby’s OPEB liability was measured as of December 31, 2023.

### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023. The following actuarial assumptions were used in the measurement:

Inflation	2.46%
Salary increases	3.25% (for purpose of allocating liability)
Investment rate of return	6.75% (including inflation)
20-year Aa Municipal bond rate	4.00%
Mortality	2010 Public General & Public Safety Employees and Healthy Retirees, Headcount weighted
Improvement Scale	IRS 2024 adjusted scale MP-2021

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The investment manager has provided a proxy allocation (see table below) that produces a 20-year expected rate of return of 7.18% after adding inflation. However, that proxy includes private investments which the Township has indicated it will not include in its target allocation. Additionally, the Township has indicated that it expects to invest in a manner intended to realize annual returns of 6.75%.

Asset Class	Target Allocation	Long-Term Expected Reel Rate of Return
Domestic Large Cap Equity	26.00%	4.91%
Domestic Small / Mid Cap Equity	16.00%	5.29%
Developed international Equity	15.00%	5.32%
Emerging Markets Equity	5.00%	6.13%
Domestic Bonds	20.00%	2.30%
Private Equity	9.00%	7.67%
Real Estate	9.00%	3.79%

### Discount Rate

The discount rate used to measure the total OPEB liability was **6.75%**. The projection of cash flows used to determine the discount rate assumed that the Township will make contributions consistent with current annual benefit payments until the plan is sufficient to pay benefits. Based on this assumption, the retirement plan’s fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members for the foreseeable future. As of December 31, 2022 the discount rate used to value OPEB liabilities was 6.75%.



## RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

### Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balance at December 31, 2022</b>	\$82,470,896	\$66,757,701	\$15,713,195
<b>Changes during the Year</b>			
Service Cost	910,799		910,799
Interest	5,498,433		5,498,433
Experience (Gains)/Losses	9,773,581		9,773,581
Change in plan terms <sup>1</sup>	(1,110,014)		(1,110,014)
Change in actuarial assumptions	(374,433)		(374,433)
Contributions to OPEB trust		3,857,080	(3,857,080)
Contributions/benefit from general operating funds		0	0
Employee Contributions		0	0
Net Investment Income		10,172,166	(10,172,166)
Benefit Payments;			
Including Refunds of Employee Contributions	(3,846,859)	(3,846,859)	0
Administrative Expenses		(319,652)	319,652
Other Changes		0	0
<b>Total Changes</b>	<b>10,851,507</b>	<b>9,862,735</b>	<b>988,772</b>
<b>Balance at December 31, 2023</b>	<b>\$93,322,403</b>	<b>\$76,620,436</b>	<b>\$16,701,967</b>

### Net OPEB Liability – Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the Township, calculated using trend and discount rates 1% higher and lower than base assumptions:

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$105,694,160	\$93,322,403	\$83,217,434
Plan Fiduciary Net Position	76,620,436	76,620,436	76,620,436
Net OPEB Liability	\$29,073,724	\$16,701,967	\$6,596,998

Trend	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$82,775,072	\$93,322,403	\$106,193,876
Plan Fiduciary Net Position	76,620,436	76,620,436	76,620,436
Net OPEB Liability	\$6,154,636	\$16,701,967	\$29,573,440

<sup>1</sup> Fire employees hired after August 18, 2010 were moved to a different MERP plan.

## RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

### OPEB Expense

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending 12/31/2023
Service Cost	\$910,799
Interest on Total OPEB Liability	5,498,433
Experience (Gains)/Losses	2,189,190
Changes in Plan Terms	(1,110,014)
Changes in Assumptions	(25,688)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(4,495,702)
Investment Earnings (Gains)/Losses	(1,508,260)
Administrative Expenses	319,652
Other Changes in Fiduciary Net Position	0
<b>Total OPEB Expense</b>	<b>\$1,778,410</b>

### OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of December 31, 2023 is \$76,620,436.

### Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	4,886,790	3,157,622
Changes of Assumptions	80,939	187,216
Investment Earnings (Gains)/Losses	643,298	0
<b>Total</b>	<b>\$5,611,027</b>	<b>\$3,344,838</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Amount Recognized
2024	\$2,859,497
2025	(1,137,923)
2026	1,679,907
2027	(1,135,292)
2028	0
Thereafter	0

## RECONCILIATION AND RECOGNITION OF NET OPEB LIABILITY

### Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability December 31, 2022	\$15,713,195
Total OPEB expense	1,778,410
Contributions	(3,857,080)
Change in deferred outflows of resources	237,211
Change in deferred inflows of resources	2,830,231
<b>Net OPEB Liability December 31, 2023</b>	<b>\$16,701,967</b>

### Total OPEB Liability by Participant Status

	Total OPEB Liability
Active participants	\$30,257,007
Inactive participants	0
Retirees and beneficiaries	63,065,396
<b>Total OPEB Liability</b>	<b>\$93,322,403</b>

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### Description of Actuarially Determined Contributions

Although not required as part of GASB reporting, we have included an Actuarially Determined Contribution in order to provide information for funding. This recommended contribution is designed to eventually fund your plan enough that you can pay retiree benefits directly from the trust instead of general operating funds. The amortization period is based on average future working years for active employees.

Actuarially Determined Contribution (ADC) <sup>1</sup>	Fiscal Year Ending December 31,	
	2024	2023
Discount rate	6.75%	6.75%
Amortization period	18 years	19 years
Amortization method	Level % of pay	Level % of pay
Normal cost	512,293	910,799
Amortization of Net OPEB Liability	1,213,614	1,119,407
Interest to end of year	116,499	137,039
Total ADC	\$1,842,406	\$2,167,245

PA 202 was issued by the State of Michigan and requires the calculation of other “contribution” amounts. These are

1. The Actuarially Determined Contribution (ADC) using Assumptions for financial reporting and
2. The minimum required amount to be deposited into an OPEB trust

The first of these contributions as shown above, \$2,167,245, is an amount required to be reported to the State of Michigan and may be used to determine whether a Corrective Action Plan (CAP) must be adopted if one hasn't yet been implemented. *It is not a required contribution.*

The second of these numbers is the actual minimum amount the State of Michigan requires you to deposit into a trust and it is based on the normal cost (actuarially calculated) for those covered by your plan and hired after June 30, 2018. To the extent past contributions have been sufficient to cover the past service liability and normal cost for those hired after June 30, 2018, this contribution requirement has been met.

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<sup>1</sup> ADC for 2024 is based on actuarial assumptions consistent with reporting as of December 31, 2023. The ADC for 2023 was not prepared by Watkins Ross.

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### State of Michigan Public Acts 530 and 202 Information

<b>Financial information</b>	<b>2023</b>
Assets (Fiduciary net position)	76,620,436
Liabilities (Total OPEB Liability)	93,322,403
Funded ratio for the Plan Year	82.10%
Actuarially Determined Contribution	\$2,167,245
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

<b>Membership</b>	<b>2023</b>
Number of active members	111
Number of inactive members	0
Number of retirees and beneficiaries	248
Premiums paid on behalf of the retirants	\$3,846,859

<b>Investment Performance</b>
This information is available from the Investment Manager

<b>Actuarial Assumptions</b>	<b>2023</b>
Actuarially assumed rate of investment return	6.75%
Discount rate	6.75%
Amortization method used for funding unfunded liability	Level % of pay
Amortization period used for funding unfunded liability	19 years
Is each division closed to new employees	No
Healthcare inflation assumption next year	7.25%
Healthcare inflation assumption - long term	4.50%

<b>Uniform Assumptions</b>	<b>2023</b>
Actuarial value of assets using uniform assumptions	76,620,436
Actuarial accrued liability using uniform assumptions	93,322,403
Funded ratio using uniform assumptions	82.10%
Actuarially Determined Contribution (ADC) using uniform assumptions	\$2,426,811

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
<b>Total OPEB Liability</b>					
Service Cost	\$910,799	\$983,437	\$1,207,044	\$1,223,200	\$1,324,049
Interest	5,498,433	5,706,548	5,489,631	5,584,035	5,183,329
Changes of Benefit Terms	(1,110,014)	0	0	0	0
Difference between Expected and Actual Experience	9,773,581	(6,094,190)	(442,115)	(5,533,480)	1,599,226
Change of Assumptions	(374,433)	0	323,753	0	402,951
Benefit Payments (Including Refunds of Employee Contributions)	(3,846,859)	(3,365,837)	(2,916,382)	(2,395,988)	(2,548,637)
Net Change in Total OPEB Liability	10,851,507	(2,770,042)	3,661,931	(1,122,233)	5,960,918
Total OPEB Liability – Beginning	82,470,896	85,240,938	81,579,007	82,701,240	76,740,322
Total OPEB Liability – Ending (a)	\$93,322,403	\$82,470,896	\$85,240,938	\$81,579,007	\$82,701,240
<b>Plan Fiduciary Net Position</b>					
Contributions to OPEB trust	\$3,857,080	\$4,144,283	\$4,150,660	\$4,964,907	\$5,158,256
Contributions/benefit payments made from general operating funds	0	0	0	0	0
Net Investment Income	10,172,166	(8,975,614)	10,809,283	7,124,021	9,102,619
Benefit Payments (Including Refunds of Employee Contributions)	(3,846,859)	(3,365,837)	(2,916,382)	(2,395,988)	(2,548,637)
Administrative Expenses	(319,652)	(434,123)	(604,307)	(360,655)	(350,804)
Other	0	0	0	0	0
Net Change in Fiduciary Net Position	9,862,735	(8,631,291)	11,439,254	9,332,285	11,361,434
Plan Fiduciary Net Position – Beginning	66,757,701	75,388,992	63,949,738	54,617,453	43,256,019
Plan Fiduciary Net Position – Ending (b)	76,620,436	66,757,701	75,388,992	63,949,738	54,617,453
<b>Net OPEB Liability – Ending (a)-(b)</b>	\$16,701,967	\$15,713,195	\$9,851,946	\$17,629,269	\$28,083,787
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	82.10%	80.95%	88.44%	78.39%	66.04%
Covered Employee Payroll	\$9,223,714	\$13,580,477	\$13,089,616	\$14,271,967	\$13,756,113
Net OPEB Liability as Percentage of Payroll	181.1%	115.7%	75.3%	123.5%	204.2%
<b>Actuarially Determined Contribution</b>	\$2,167,245	\$1,772,934	\$2,540,377	\$3,239,304	\$3,653,012
Employer Contribution/benefit payments	(3,857,080)	(4,144,283)	(4,150,660)	(4,964,907)	(5,158,256)
Contribution Deficiency/(Excess)	\$(1,689,835)	\$(2,371,349)	\$(1,610,283)	\$(1,725,603)	\$(1,505,244)
ADC as a Percentage of Covered Payroll	23.5%	13.1%	19.4%	22.7%	26.6%
Employer Contribution as a Percentage of Covered Payroll	41.8%	30.5%	31.7%	34.8%	37.5%

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### Changes in Net OPEB Liability and Related Ratios

Fiscal Year Ending	12/31/2018
Total OPEB Liability	
Service Cost	\$1,277,181
Interest	5,585,818
Changes of Benefit Terms	0
Difference between Expected and Actual Experience	(10,278,171)
Change of Assumptions	0
Benefit Payments (Including Refunds of Employee Contributions)	(2,597,960)
Net Change in Total OPEB Liability	(6,013,132)
Total OPEB Liability – Beginning	82,753,454
Total OPEB Liability – Ending (a)	\$76,740,322
Plan Fiduciary Net Position	
Contributions to OPEB trust	\$8,379,343
Contributions/benefit payments made from general operating funds	0
Net Investment Income	(2,517,121)
Benefit Payments (Including Refunds of Employee Contributions)	(2,597,960)
Administrative Expenses	(290,713)
Other	0
Net Change in Fiduciary Net Position	2,973,549
Plan Fiduciary Net Position – Beginning	40,282,470
Plan Fiduciary Net Position – Ending (b)	43,256,019
Net OPEB Liability – Ending (a)-(b)	\$33,484,303
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	56.37%
Covered Employee Payroll	\$14,269,367
Net OPEB Liability as Percentage of Payroll	234.7%
Actuarially Determined Contribution	\$4,127,952
Employer Contribution/benefit payments	(8,379,343)
Contribution Deficiency/(Excess)	\$(4,251,391)
ADC as a Percentage of Covered Payroll	28.9%
Employer Contribution as a Percentage of Covered Payroll	58.7%

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### Assumptions and Methods for Calculation of Actuarially Determined Contribution

**Valuation date** December 31, 2023

**Measurement date** December 31, 2023

**Reporting date** December 31, 2023

#### Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Asset valuation method Market value

#### Actuarial Assumptions

**Discount Rate** – 6.75% for 2023 Liability and 2024 contribution

Rationale – Based on Township management, auditor and communication with investment consultants

**20-year Aa Municipal Bond Rate** – 4.0%

Rationale – S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2023

**Salary Scale** – 3.25% (for purpose of allocating liability)

Rationale – Per experience study and expectations

**Return on Plan Assets** – 6.75% (including inflation)

Rationale – Provided by investment manager

**Mortality Rates** – 2010 Public General and Public Safety Employees and Healthy Retirees, Headcount weighted, IRS 2024 adjusted scale MP-2021

Rationale – Most current mortality rates available for municipalities

**Utilization** – 100% of eligible employees at the valuation date will elect coverage at retirement; actual coverage used for non-actives

Rationale – past experience and future expectations

**Termination Rates** – See sample rates below:

Age	T-5 Rates
25	0.077
30	0.072
35	0.063
40	0.052
45	0.040
50	0.026
55	0.009

Rationale – Based on employer experience study

**Disability Rates** – None

Rationale – No disabled retirees reported



## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### Retirement Rates

Age	Rate of Retirement (General)	Years of service	Rate of Retirement (Police and Fire)
55-61	5%	25	70%
62-63	20%	26	25%
64	15%	27	25%
65	25%	28	25%
66	40%	29	25%
67	30%	30+	100%
68	25%		
69	15%		
70+	100%		

Rationale – These rates were chosen based on actuarial experience study

**Marital Assumption** – 100% of covered employees with a covered spouse will have the same spouse at retirement, actual spouse data used for retirees

Rationale – Consistent with experience

**Claims Costs Including Rx** – see sample rates below:

Age	Division											
	0000/0027				0009				0011			
	Member		Spouse		Member		Spouse		Member		Spouse	
	M	F	M	F	M	F	M	F	M	F	M	F
40-44	3,727	5,688	5,218	7,963	5,613	8,566	7,858	11,992	5,613	8,566	7,858	11,992
45-49	4,706	6,248	6,588	8,747	7,087	9,409	9,922	13,172	7,087	9,409	9,922	13,172
50-54	6,198	7,350	8,677	10,289	9,333	11,068	13,067	15,495	9,333	11,068	13,067	15,495
55-59	8,057	8,496	11,280	11,895	12,134	12,795	16,988	17,913	12,134	12,795	16,988	17,913
60-64	10,340	10,110	14,475	14,154	15,571	15,226	21,799	21,316	15,571	15,226	21,799	21,316
65+	9,038	9,038	9,038	9,038	10,469	10,469	10,469	10,469	10,809	10,809	10,809	10,809

Age	Division											
	0012				0013				0014			
	Member		Spouse		Member		Spouse		Member		Spouse	
	M	F	M	F	M	F	M	F	M	F	M	F
40-44	5,182	7,908	7,254	11,071	5,575	8,508	7,805	11,912	5,575	8,508	7,805	11,912
45-49	6,542	8,686	9,159	12,160	7,039	9,346	9,855	13,084	7,039	9,346	9,855	13,084
50-54	8,616	10,218	12,063	14,305	9,271	10,994	12,979	15,392	9,271	10,994	12,979	15,392
55-59	11,202	11,812	15,683	16,537	12,053	12,709	16,874	17,793	12,053	12,709	16,874	17,793
60-64	14,375	14,056	20,124	19,678	15,467	15,124	21,653	21,173	15,467	15,124	21,653	21,173
65+	10,239	10,239	10,239	10,239	10,239	10,239	10,239	10,239	10,577	10,577	10,577	10,577

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Claims Costs *Including Rx* (continued) – see sample rates below:

Age	Division											
	0015				0016				0017/0018			
	Member		Spouse		Member		Spouse		Member		Spouse	
	M	F	M	F	M	F	M	F	M	F	M	F
40-44	5,517	8,419	7,723	11,786	5,517	8,419	7,723	11,786	5,467	8,343	7,654	11,680
45-49	6,965	9,247	9,751	12,946	6,965	9,247	9,751	12,946	6,902	9,164	9,664	12,830
50-54	9,173	10,878	12,843	15,230	9,173	10,878	12,843	15,230	9,091	10,780	12,727	15,092
55-59	11,926	12,576	16,697	17,606	11,926	12,576	16,697	17,606	11,819	12,462	16,546	17,447
60-64	15,304	14,965	21,426	20,951	15,304	14,965	21,426	20,951	15,166	14,830	21,232	20,762
65+	9,928	9,928	9,928	9,928	9,901	9,901	9,901	9,901	9,901	9,901	9,901	9,901

Age	Division											
	0021				0025				0029			
	Member		Spouse		Member		Spouse		Member		Spouse	
	M	F	M	F	M	F	M	F	M	F	M	F
40-44	5,452	8,320	7,633	11,648	5,503	8,397	7,704	11,756	5,487	8,373	7,681	11,722
45-49	6,884	9,139	9,637	12,794	6,948	9,224	9,727	12,913	6,928	9,197	9,699	12,876
50-54	9,066	10,751	12,692	15,051	9,150	10,851	12,810	15,191	9,124	10,819	12,773	15,147
55-59	11,786	12,428	16,501	17,400	11,896	12,544	16,654	17,562	11,862	12,508	16,606	17,511
60-64	15,125	14,789	21,174	20,705	15,265	14,927	21,371	20,898	15,221	14,884	21,309	20,837
65+	9,790	9,790	9,790	9,790	10,128	10,128	10,128	10,128	9,697	9,697	9,697	9,697

Claims Costs *Excluding Rx* – see sample rates below:

Age	Division											
	0001				0020				0022			
	Member		Spouse		Member		Spouse		Member		Spouse	
	M	F	M	F	M	F	M	F	M	F	M	F
40-44	4,537	6,924	6,352	9,694	4,565	6,967	6,391	9,753	4,556	6,953	6,379	9,734
45-49	5,729	7,605	8,020	10,648	5,764	7,652	8,069	10,713	5,753	7,637	8,054	10,692
50-54	7,545	8,947	10,563	12,526	7,591	9,002	10,627	12,603	7,576	8,984	10,607	12,578
55-59	9,809	10,343	13,732	14,480	9,869	10,407	13,817	14,569	9,850	10,386	13,790	14,541
60-64	12,587	12,308	17,622	17,231	12,664	12,383	17,730	17,337	12,640	12,359	17,695	17,303
65+	4,165	4,165	4,165	4,165	4,165	4,165	4,165	4,165	4,165	4,165	4,165	4,165

Age	Division											
	0023				0024				0031			
	Member		Spouse		Member		Spouse		Member		Spouse	
	M	F	M	F	M	F	M	F	M	F	M	F
40-44	4,619	7,049	6,467	9,869	4,619	7,049	6,467	9,869	3,770	5,753	5,278	8,054
45-49	5,832	7,743	8,165	10,840	5,832	7,743	8,165	10,840	4,760	6,319	6,664	8,847
50-54	7,681	9,108	10,753	12,752	7,681	9,108	10,753	12,752	6,269	7,434	8,776	10,408
55-59	9,986	10,530	13,980	14,742	9,986	10,530	13,980	14,742	8,150	8,594	11,410	12,032
60-64	12,814	12,530	17,940	17,542	12,814	12,530	17,940	17,542	10,458	10,227	14,642	14,317
65+	4,512	4,512	4,512	4,512	4,165	4,165	4,165	4,165	3,697	3,697	3,697	3,697

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Claims Costs – *Express Scripts* – see sample rates below:

Age	Express Scripts											
	10/20/40				7/20/35				10/40			
	Member		Spouse		Member		Spouse		Member		Spouse	
	M	F	M	F	M	F	M	F	M	F	M	F
40-44	1,078	1,645	1,509	2,303	1,130	1,724	1,581	2,413	829	1,265	1,162	1,773
45-49	1,361	1,807	1,906	2,530	1,426	1,893	1,996	2,651	1,047	1,390	1,467	1,948
50-54	1,793	2,126	2,510	2,976	1,878	2,227	2,629	3,118	1,378	1,635	1,932	2,291
55-59	2,331	2,457	3,263	3,440	2,442	2,575	3,418	3,605	1,792	1,890	2,512	2,649
60-64	2,991	2,924	4,187	4,094	3,134	3,064	4,387	4,289	2,300	2,249	3,223	3,152
65+	4,507	4,507	4,507	4,507	4,722	4,722	4,722	4,722	3,468	3,468	3,468	3,468

Age	Express Scripts							
	0/10/20				0/15/20			
	Member		Spouse		Member		Spouse	
	M	F	M	F	M	F	M	F
40-44	1,231	1,879	1,721	2,627	1,159	1,769	1,623	2,477
45-49	1,555	2,064	2,173	2,886	1,464	1,943	2,049	2,721
50-54	2,047	2,428	2,862	3,394	1,928	2,286	2,699	3,201
55-59	2,662	2,807	3,721	3,924	2,506	2,643	3,509	3,700
60-64	3,416	3,340	4,775	4,670	3,216	3,145	4,503	4,403
65+	5,147	5,147	5,147	5,147	4,847	4,847	4,847	4,847

Rationale – Based on Premium rates provided by BCBS and age-weighting methodology developed and reported in “Health Costs – From Birth to Death” prepared by Dale Yamamoto and Sponsored by the Society of Actuaries 2013

**Implicit Subsidy** – valued; premiums are age-weighted

**Dental** - Divisions 0000, 0001, 0015, 0018-0031

Pre-65 – Single \$36.82 per month, Double \$73.64 per month  
 Post-65 – Single \$35.83 per month, Double \$67.24 per month

**Dental** - Divisions 0011-0017

Pre-65 – Single \$34.42 per month, Double \$68.84 per month  
 Post-65 – Single \$33.62 per month, Double \$67.24 per month

**Vision** – All Divisions

Pre-65 – Single \$4.85 per month, Double \$9.70 per month  
 Post-65 – Single \$3.92 per month, Double \$7.84 per month

**Medical Trend** – Medical premiums: Pre-Medicare 7.25% graded down to 4.5% by 0.25% per year; post-Medicare, 5.5% graded down to 4.5% by 0.25% per year; Dental 4% per year, Vision 3% per year

Rationale – Based on State of Michigan trend survey

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### HSA

Payable until Age 65	Single	Double
Patrol, Fire Chief, Fire, Command(A), General, Supervisory, Dept Head	1,250	2,500
Command (B)	1,500	3,000
Court, 911	1,000	2,000

### Data Collection

Date and form of data - All personnel and asset data were prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

### Assumption changes since prior valuation

- Methodology for developing Age-Weighted Clams updated to Health Care Costs Institute factors
- Mortality improvement scale update to IRS 2024 Adjusted Scale MP-2021
- Changed from assumed spouse age 3-years older for male spouses and 3-years younger for female spouses, to using actual spouse data
- Added costs for retiree child dependents until age 26
- Updated medical trend rates to those prescribed by PA 202 for 2023
- Changed retirement rates as shown in separate Actuarial Experience Study report
- Changed turnover rates as shown in separate Actuarial Experience Study report
- Updated salary scale from 3.75% to 3.25%

### Assumptions used for PA 202 Reporting

All assumptions used for GASB reporting comply with Uniform Assumptions under PA 202

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Difference between Actual and Expected Experience

Year	Difference between expected and actual Experience	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2023	2024	2025	2026	2027	2028	2029+		
2018	(10,278,171)	5	-							-	-
2019	1,599,226	5	319,846							-	-
2020	(5,533,480)	4	(1,383,370)							-	-
2021	(442,115)	4	(110,529)	(110,528)						-	(110,528)
2022	(6,094,190)	4	(1,523,548)	(1,523,548)	(1,523,546)					-	(3,047,094)
2023	9,773,581	2	4,886,791	4,886,790	-	-	-	-	-	4,886,790	-
Net recognized in OPEB expense			\$ 2,189,190	\$ 3,252,714	\$ (1,523,546)	\$ -	\$ -	\$ -	\$ -	\$ 4,886,790	\$ (3,157,622)

### Schedule of Changes in Assumptions

Year	Changes in Assumptions	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2023	2024	2025	2026	2027	2028	2029+		
2018	-	5								-	-
2019	402,951	5	80,591							-	-
2020	-	4								-	-
2021	323,753	4	80,938	80,939						80,939	-
2022	-	4						-	-	-	-
2023	(374,433)	2	(187,217)	(187,216)	-	-	-	-	-	-	(187,216)
Net recognized in OPEB expense			\$ (25,688)	\$ (106,277)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,939	\$ (187,216)

### Schedule of Differences between Projected and Actual Earnings on OPEB Plan Investments

Year	Difference between expected and actual earnings on OPEB assets	Recognition period (years)	Amount Recognized in Year Ended December 31,							Deferred Outflow of Resources	Deferred Inflow of Resources
			2023	2024	2025	2026	2027	2028	2029+		
2019	(6,106,603)	5	(1,221,319)	-	-					-	-
2020	(3,362,814)	5	(672,563)	(672,562)						-	(672,562)
2021	(6,471,414)	5	(1,294,283)	(1,294,283)	(1,294,282)					-	(2,588,565)
2022	14,075,992	5	2,815,198	2,815,198	2,815,198	2,815,200				8,445,596	-
2023	(5,676,464)	5	(1,135,293)	(1,135,293)	(1,135,293)	(1,135,293)	(1,135,292)			-	(4,541,171)
Net recognized in OPEB expense			\$ (1,508,260)	\$ (286,940)	\$ 385,623	\$ 1,679,907	\$ (1,135,292)			\$ 8,445,596	\$ (7,802,298)

### Total Deferred Outflow/(Inflow) of Resources

	Amount Recognized in Year Ended December 31,					
	2024	2025	2026	2027	2028	2029+
Total Deferred Outflow/(Inflow) of Resources	2,859,497	(1,137,923)	1,679,907	(1,135,292)	-	-

## TRUSTEE AND FORM 5720 INFORMATION

### Projected benefit payments and contributions

Form 5720 (the Form) – Corrective Action Plan Monitoring: Application for Certification of Compliance, Section 4 asks for supporting documentation that shows projected benefit payments and contributions as a percentage of projected governmental fund revenues over the next five years. A link to a spreadsheet is provided with the Form, and within the spreadsheet, there is a link to instructions on how to complete the spreadsheet.

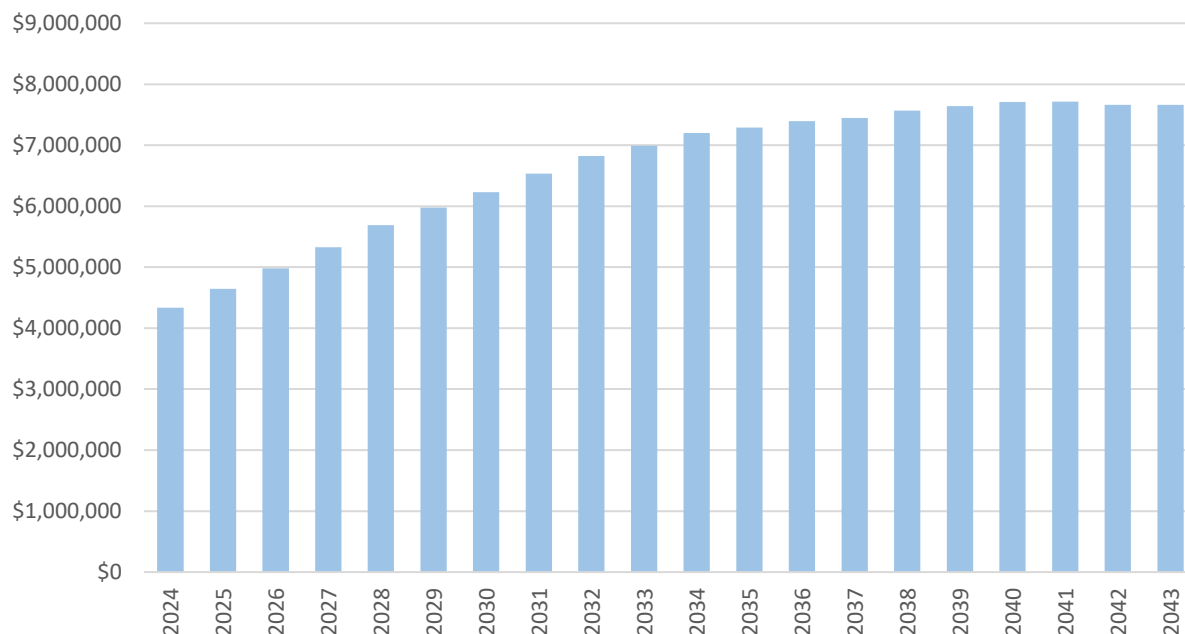
To assist in completing that section of the Form, below is a table of benefit payments as shown for the current fiscal year and projected for the next four. In addition, if a Corrective Action Plan (CAP) has been adopted that includes scheduled contributions to an OPEB trust, those are shown for the same period as either reported to us or developed with assistance from Watkins Ross:

Fiscal Year	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)
2023	\$3,846,859	3,857,080
2024	4,334,555	
2025	4,645,424	
2026	4,983,119	
2027	5,325,712	

In addition to the benefit payments shown above, a graphic illustration of 20 years of projected benefit payments for the current group of covered lives is shown below. Plans open to new participants could see higher than expected payments if new members are hired and are eligible to retire during the projection period.

The chart below reflects expected cash flows to pay benefits for current plan participants.

### 20-Year Expected Payouts



## SUMMARY OF PLAN PROVISIONS

Plan Name – Shelby Charter Township Retiree Healthcare Plan

### Benefit Provisions

	Police Chief	Patrol	Command	911
<b>1. Health Benefits Offered at Retirement</b>	None	Medical, Dental, Vision	Medical, Dental, Vision	Medical, Dental, Vision
<b>2. Eligibility Requirements for Retiree Health Benefits</b>	N/A	Hired prior to 04/02/14 & having obtained 25 years of service or meeting the age eligibility requirements as set forth in Act 345. Hired on/after 04/02/14: No coverage at retirement.	Hired prior to 02/17/16: 25 years of service or meeting the age eligibility requirements as set forth in Act 345. Hired on/after 02/17/16: No coverage at retirement.	Hired prior to 7/31/08: Age 55 with 10 years of service and age + service equal at least 75. Hired on/after 7/31/08 and on/before 1/1/11: Age 55 with 15 years of service and age + service equal at least 75. Hired after 1/1/11: Age 55 with 15 years of service and age + service equal at least 75.
<b>2a. Medicare Requirements for Continued Retiree Health Benefits</b>	N/A	Covered Retiree must apply for Medicare insurance when eligible. Township will provide supplemental Hospitalization coverage to equal coverage currently offered. Failure by the retiree to make application when eligible, shall discharge the Employer's obligation to provide coverage to the retiree and his/her dependents.	Covered Retiree must apply for Medicare insurance when eligible. Township will provide supplemental Hospitalization coverage to equal coverage currently offered. Failure by the retiree to make application when eligible, shall discharge the Employer's obligation to provide coverage to the retiree and his/her dependents.	Covered Retiree must apply for Medicare insurance when eligible. Township will provide supplemental Hospitalization coverage to equal coverage currently offered. Failure by the retiree to make application when eligible, shall discharge the Employer's obligation to provide coverage to the retiree and his/her dependents.
<b>3a. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Retirees</b>	N/A	Dependent children covered until age 26. Surviving spouse covered for life or until remarried.	Dependent children covered until age 26. Surviving spouse covered for life or until remarried.	Dependent children covered until age 26. Surviving spouse eligible for life.
<b>3b. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Active Employee Having Met Retirement Eligibility</b>	N/A	Dependent children covered until age 26. Surviving spouse covered for life or until remarried.	Dependent children covered until age 26. Surviving spouse covered for life or until remarried.	N/A
<b>3c. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Active Employee Not Having Met Retirement Eligibility</b>	N/A	Dependent children covered until age 26. Surviving spouse covered for life or until remarried.	Dependent children covered until age 26. Surviving spouse covered for life or until remarried.	N/A
<b>Eligibility Requirement for Disability Health Coverage</b>	N/A	If hired prior to 04/02/14, and if determined to be temporarily or permanently disabled by the Police & Fire Pension Board, then coverage follows normal retirement benefit. If hired on/after 04/02/14, employer will provide hospitalization coverage for the Employee for a period of (5) yrs from the date of injury or illness for a service related disability.	If placed on a service connected disability retirement, then coverage follows normal retirement benefits	N/A
<b>Retiree Contributions</b>				
<b>Retiree Contributions (Cost Sharing)**</b>	N/A	N/A	N/A	Hired on/prior to 01/01/11: No contribution required. Hired after 1/1/11: 50% of premium costs for retiree paid by the Township. Remaining 50% for retiree and 100% for spouse or dependents paid by retiree.

## SUMMARY OF PLAN PROVISIONS

### Benefit Provisions

	Court*	General	Court Appointed
<b>1. Health Benefits Offered at Retirement</b>	Medical, Dental, Vision, Life Insurance policy valued at \$7,500.	Medical, Dental, Vision, Life Insurance policy valued at \$7,500.	Medical, Dental, Vision, Life Insurance policy valued at \$7,500.
<b>2. Eligibility Requirements for Retiree Health Benefits</b>	<b>Eligible to retire as of 12/31/12:</b> Earlier of age 55 with 10 years of service or age 50 with 25 years of service. <b>Not eligible to retire as of 12/31/12 and hired prior to 11/1/10:</b> Age 55 with 15 years of service and age + service equal at least 75. <b>Hired on/after 11/1/10:</b> No coverage at retirement.	<b>Hired prior to 2/5/07:</b> Age 55 with 10 years of service and age + service equal at least 75. <b>Hired on/after 2/5/07 and prior to 9/1/10:</b> Age 55 with 15 years of service and age + service equals at least 75. <b>Hired on/after 9/1/10:</b> No coverage at retirement	<b>Hired prior to 11/21/06:</b> Age 55 with 10 years of service and age + service equal at least 75. <b>Hired on/after 11/21/06 and prior to 9/1/10:</b> Age 55 with 15 years of service and age + service equal at least 75. <b>Hired on/after 9/1/10:</b> No coverage at retirement.
<b>2a. Medicare Requirements for Continued Retiree Health Benefits</b>	Covered Retiree must apply for Medicare insurance when eligible. Township will provide Blue Cross Blue Shield Supplemental 2 +1 or comparable.	Covered Retiree must apply for Medicare insurance when eligible. Township will provide Blue Cross Blue Shield 2 + 1 Supplemental coverage or comparable. Failure by the retiree to make application when eligible, shall discharge the Employer's obligation to provide coverage to the retiree and his/her dependents.	Covered Retiree must apply for Medicare insurance when eligible. Township will provide Blue Cross Blue Shield Supplemental 2 + 1 or comparable. Failure by the retiree to make application when eligible, shall discharge the Employer's obligation to provide coverage to the retiree and his/her dependents.
<b>3a. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Retirees</b>	Dependent children covered until age 26. Surviving spouse eligible for life.	Dependent children covered until age 26. Surviving spouse eligible for life.	Dependent children covered until age 26. Surviving spouse eligible for life.
<b>3b. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Active Employee Having Met Retirement Eligibility</b>	Dependent children covered until age 26. Surviving spouse eligible for life.	N/A	N/A
<b>3c. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Active Employee Not Having Met Retirement Eligibility</b>	Dependent children covered until age 26. Surviving spouse eligible for life.	N/A	N/A
<b>Eligibility Requirement for Disability Health Coverage</b>	N/A	N/A	N/A
<b>Retiree Contributions</b>			
<b>Retiree Contributions (Cost Sharing)**</b>	<b>Eligible to retire as of 12/31/12:</b> If retire under the age 50 with 25 years of service provision, retiree pays cost of coverage until age 55, after which time cost paid by Township.	N/A	N/A



## SUMMARY OF PLAN PROVISIONS

### Benefit Provisions

	Supervisory	Department Head	Elected Official
<b>1. Health Benefits Offered at Retirement</b>	Medical, Dental, Vision, Life Insurance policy valued at \$7,500.	Medical, Dental, Vision, Life Insurance policy valued at \$7,500.	Medical, Dental, Vision
<b>2. Eligibility Requirements for Retiree Health Benefits</b>	<b>Hired prior to 11/21/06:</b> Age 55 with 10 years of service and age + service equal at least 75. <b>Hired on/after 11/21/06 and prior to 9/1/10:</b> Age 55 with 15 years of service and age + service equal at least 75. <b>Hired on/after 9/1/10:</b> No coverage at retirement.	<b>Hired prior to 11/21/06:</b> Age 55 with 10 years of service and age + service equal at least 75. <b>Hired on/after 11/21/06 and prior to 9/1/10:</b> Age 55 with 15 years of service and age + service equal at least 75. <b>Hired on/after 9/1/10:</b> No coverage at retirement.	<b>Elected Officials leaving office prior to and on 08/24/14,</b> 15 years of continuous full-time service as a combination of Supervisor, Clerk, or Treasurer and age + service equal at least 75. <b>Elected Officials leaving office after 08/24/14,</b> No coverage at retirement.
<b>2a. Medicare Requirements for Continued Retiree Health Benefits</b>	<b>Covered Retiree must apply for Medicare insurance when eligible. Township will provide Blue Cross Blue Shield Supplemental 2 + 1 or comparable. Failure by the retiree to make application when eligible, shall discharge the Employer's obligation to provide coverage to the retiree and his/her dependents.</b>	<b>Covered Retiree must apply for Medicare insurance when eligible. Township will provide Blue Cross Blue Shield Supplemental 2 + 1 or comparable. Failure by the retiree to make application when eligible, shall discharge the Employer's obligation to provide coverage to the retiree and his/her dependents.</b>	Covered Retiree must apply for Medicare insurance when eligible. Township will provide Blue Cross Blue Shield Supplemental 2 + 1 or comparable. Failure by the retiree to make application when eligible, shall discharge the Employer's obligation to provide coverage to the retiree and his/her dependents.
<b>3a. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Retirees</b>	Dependent children covered until age 26. Surviving spouse eligible for life.	Dependent children covered until age 26. Surviving spouse eligible for life.	Dependent children covered until age 26. Surviving spouse eligible for life.
<b>3b. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Active Employee Having Met Retirement Eligibility</b>	N/A	N/A	N/A
<b>3c. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Active Employee Not Having Met Retirement Eligibility</b>	N/A	N/A	N/A
<b>Eligibility Requirement for Disability Health Coverage</b>	N/A	N/A	N/A
<b>Retiree Contributions</b>			
<b>Retiree Contributions (Cost Sharing)**</b>	N/A	N/A	N/A

## SUMMARY OF PLAN PROVISIONS

### Benefit Provisions

	Fire Chief	Fire
<b>1. Health Benefits Offered at Retirement</b>	Medical, Dental, Vision	Medical, Dental, Vision
<b>2. Eligibility Requirements for Retiree Health Benefits</b>	50 years of age and 25 years of service to the Township in any capacity.	<b>Hired prior to 8/18/10:</b> After 25 years of service or meeting the age eligibility requirements as set forth in Act 345. <b>Hired on/after 8/18/10:</b> No coverage at retirement
<b>2a. Medicare Requirements for Continued Retiree Health Benefits</b>	Covered Retiree must apply for Medicare insurance when eligible. Township will provide Blue Cross Blue Shield Supplemental 2 + 1 or comparable. Failure by the retiree to make application when eligible, shall discharge the Employer's obligation to provide coverage to the retiree and his/her dependents.	Covered Retiree &/or Surviving Spouse must apply for Medicare insurance when eligible. Township will provide Hospitalization to supplement Medicare.
<b>3a. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Retirees</b>	Dependent children covered until age 26. Surviving spouse covered for life or until remarried.	Dependent children covered age 26. Surviving spouse covered for life.
<b>3b. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Active Employee Having Met Retirement Eligibility</b>	N/A	Dependent children covered until age 26. Surviving spouse covered for life or until remarried.
<b>3c. Death Benefit for Surviving Spouses and Dependent Children Upon Death of Active Employee Not Having Met Retirement Eligibility</b>	N/A	Dependent children covered until age 26. Surviving spouse covered for life or until remarried.
<b>Eligibility Requirement for Disability Health Coverage</b>	N/A	<b>If hired prior to/on 05/01/14,</b> and if determined to be temporarily or permanently disabled by the Police & Fire Pension Board, then coverage follows rules for normal retirees for both duty and non-duty related disability. <b>If hired after 05/01/14,</b> employer will provide health insurance benefits for the Employee, spouse and dependents until the the 25th anniversary of the employee's date of hire. Coverage will not continue after that date. For a non-duty related disability, coverage follows normal retirement benefits.
<b>Retiree Contributions</b>		
<b>Retiree Contributions (Cost Sharing)**</b>	N/A	N/A

**Changes since prior valuation:** Fire employees hired after August 18, 2010 moved to a different MERP plan

\*Eligibility requirements for certain members have the same health benefit and retirement eligibility as Supervisory employees

\*\*Unless otherwise noted, all retiree medical and Life Insurance coverage is paid 100% by the Township (other than copays or deductibles)

## GLOSSARY

A number of special terms and concepts are used in connection with OPEB plans and the OPEB accounting report. The following list reviews a number of these terms and provides a brief discussion of their meaning.

**Actuarially Determined Contribution (ADC)** – A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

**Actuarial Cost Method** – This is a mathematical formula which is used to allocate the present value of projected benefits to past and future plan years.

**Amortization** – The difference between actual and expected investment returns, the difference between actual and expected experience, and the impact of any plan or assumption changes will be amortized and paid over future years.

**Depletion Date (Cross-over Point)** – The projected date (if any) where plan assets, including future contributions, are no longer sufficient to pay Projected Benefit Payments to current members.

**Long-term expected rate of return** – The rate of return based on the nature and mix of current and expected plan investments and over the time period from when an employee is hired to when all benefits to the employee have been paid.

**Market Value of Assets** – The market value of all assets in the fund including any accrued contribution for the previous plan year, which was not paid by the end of the year.

**Measurement Date** – The date the Total OPEB Liability, Fiduciary Net Position, and Net OPEB Liability are determined.

**Net OPEB Liability (NOL)** – The Total OPEB Liability less the Plan Fiduciary Net Position.

**Normal Cost** – For GASB 74/75 purposes, normal cost is the equivalent of service cost (see definition of service cost).

**Other Post-Employment Benefits (OPEB)** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.

**OPEB Expense (OE)** – The change in the Net OPEB Liability (NOL) recognized in the current measurement period. Changes to the NOL not fully recognized in a given year's OPEB expense will be maintained as deferred inflows and deferred outflows. These will be recognized incrementally in the OPEB expense over time.

## GLOSSARY

**Plan assets** – Stocks, bonds and other investments that have been segregated and restricted (usually in a trust) to provide for post-retirement benefits. Assets not segregated in a trust, or otherwise effectively restricted so that they cannot be used by the employer for other purposes, are not plan assets, even though it may be intended that those assets be used to provide post-retirement benefits.

**Plan Fiduciary Net Position** – The market value of plan assets as of the measurement date.

**Present Value** – The present value of a future payment or a series of payments is the amount of each payment, discounted to recognize the time value of money, and further reduced for the probability that the payment might not be made because of death, disability or termination of employment.

**Projected Benefit Payments** – All benefits projected to be payable to current active and inactive participants as a result of their past service and their expected future service.

**Real Rate of Return** – The rate of return on an investment after the adjustment to eliminate inflation.

**Reporting Date** – The date that represents the fiscal year end for the plan or employer.

**Service Cost** – The value of portion of Total OPEB Liability earned during the current year computed in accordance with GAAP accounting rules.

**Single Equivalent Discount Rate** – The single rate that gives the same total present value as discounting the Projected Benefit Payments with the long-term expected rate of return until the Depletion Date and discounting any remaining Projected Benefit Payments with the yield on a 20-year AA/Aa tax-exempt municipal bond index.

**Total OPEB Liability (TOL)** – The actuarial present value of the accrued benefit determined under the Entry Age actuarial cost method calculated using the blended Single Equivalent Discount Rate.

**Valuation Date** – The date as of which an actuarial valuation is performed.

## APPENDIX

### Breakdown of 12/31/2024 Actuarially Determined Contribution by Group and Fund

Group	Counts		PV of Future Benefits			Entry Age Normal % Salary Liab			Service Cost	Market Value of Assets 12/31/2023	12/31/2024 ADC
	Actives	Inactive	Total	Active	Inactive	Total	Active	Inactive			
All	111	248	96,203,449	33,138,053	63,065,396	93,322,403	30,257,007	63,065,396	512,293	76,620,436	1,842,406
911	12	3	2,297,012	1,701,387	595,625	2,023,558	1,427,933	595,625	33,685	3,062,958	(44,665)
Command	18	57	24,616,337	7,166,839	17,449,498	24,068,630	6,619,132	17,449,498	104,274	15,309,563	790,733
Court	6	13	3,908,568	1,217,549	2,691,019	3,789,344	1,098,325	2,691,019	34,896	3,342,319	71,926
Department Head	7	9	2,865,057	1,774,975	1,090,082	2,663,468	1,573,386	1,090,082	23,175	3,415,423	(33,588)
Elected Official	0	1	224,401	-	224,401	224,401	-	224,401	-	212,458	926
Fire	27	62	29,479,471	9,890,852	19,588,619	28,754,727	9,166,108	19,588,619	144,784	20,873,243	765,905
General	10	57	11,970,149	1,909,131	10,061,018	11,775,148	1,714,130	10,061,018	32,324	14,297,299	(161,131)
Patrol	15	15	11,102,322	5,694,802	5,407,520	10,628,989	5,221,469	5,407,520	89,883	6,125,916	445,243
Supervisory & Special	16	31	9,740,132	3,782,518	5,957,614	9,394,138	3,436,524	5,957,614	49,272	9,981,257	7,056

Fund	Counts		PV of Future Benefits			Entry Age Normal % Salary Liab			Service Cost	Market Value of Assets 12/31/2023	12/31/2024 ADC
	Actives	Inactive	Total	Active	Inactive	Total	Active	Inactive			
All	111	248	96,203,449	33,138,053	63,065,396	93,322,403	30,257,007	63,065,396	512,293	76,620,436	1,842,406
101	16	63	14,109,057	3,461,630	10,647,427	13,631,241	2,983,814	10,647,427	58,952	16,729,013	(177,356)
206	28	65	29,998,952	10,067,691	19,931,261	29,245,444	9,314,183	19,931,261	147,498	21,811,121	734,117
207	48	80	39,639,521	15,177,336	24,462,185	38,301,675	13,839,490	24,462,185	232,478	26,134,454	1,191,953
290	8	16	5,104,862	1,729,297	3,375,565	4,952,793	1,577,228	3,375,565	47,038	4,221,699	106,923
591	9	23	6,455,522	2,237,247	4,218,275	6,340,094	2,121,819	4,218,275	21,138	6,952,936	(24,971)
598	2	1	895,535	464,852	430,683	851,156	420,473	430,683	5,189	771,213	11,740

## APPENDIX

### Breakdown of 12/31/2023 Actuarially Determined Contribution by Group and Fund

Group	OPEB Liability	Fiduciary Net	Net OPEB Liability	Funded Ratio	12/31/2023 ADC
	as of 12/31/2023	Position 12/31/2023			
All	93,322,403	76,620,436	16,701,967	82.10%	2,167,245
911	2,023,558	3,062,958	(1,039,400)	151.36%	(36,338)
Command	24,068,630	15,309,563	8,469,375	63.61%	643,482
Court	3,789,344	3,342,319	447,025	88.20%	205,110
Department Head	2,663,468	3,415,423	(751,955)	128.23%	(919)
Elected Official	224,401	212,458	11,943	94.68%	3,458
Fire	28,754,727	20,873,243	7,881,484	72.59%	893,739
General	11,775,148	14,297,299	(2,522,151)	121.42%	(10,620)
Patrol	10,628,989	6,125,916	4,792,765	57.63%	488,031
Supervisory	9,394,138	9,981,257	(587,119)	106.25%	(18,698)

Fund	OPEB Liability	Fiduciary Net	Net OPEB Liability	Funded Ratio	12/31/2023 ADC
	as of 12/31/2023	Position 12/31/2023			
All	93,322,403	76,620,436	16,701,967	82.10%	2,167,245
101	13,631,241	16,729,013	(3,097,772)	122.73%	(38,047)
206	29,245,444	21,811,121	7,434,323	74.58%	893,971
207	38,301,675	26,134,454	12,167,221	68.23%	1,111,452
290	4,952,793	4,221,699	731,094	85.24%	162,962
591	6,340,094	6,952,936	(612,842)	109.67%	23,561
598	851,156	771,213	79,943	90.61%	13,346

## APPENDIX

### Breakdown of Experience (Gain)/Loss, Assumption Changes and Plan Change by Group and Fund

Group	Fiduciary Net						
	OPEB Liability as of 12/31/2022	Position 12/31/2022	Net OPEB Liability	Service Cost	Actuarial (Gain)/Loss	Assumption Change	Plan Change
All	82,470,896	66,757,701	15,713,195	910,799	9,773,581	(374,433)	(1,110,014)
911	1,452,522	2,546,144	(1,093,622)	43,869	129,408	(16,726)	-
Command	19,560,626	12,897,104	6,663,522	128,085	2,225,796	(21,228)	-
Court	4,778,529	2,774,721	2,003,808	49,389	210,493	(227,352)	-
Department Head	2,700,780	3,129,911	(429,131)	29,710	116,419	(70,381)	-
Elected Official	240,065	194,599	45,466	-	22,039	(26,066)	-
Fire	24,807,698	18,348,877	6,458,821	377,101	2,394,395	463,047	(1,110,014)
General	12,304,885	13,142,721	(837,836)	49,739	1,734,516	(653,016)	-
Patrol	9,289,451	5,092,287	4,197,164	158,166	1,710,881	417,103	-
Supervisory	7,336,340	8,631,337	(1,294,997)	74,740	1,229,634	(239,814)	-

Group	Fiduciary Net						
	OPEB Liability as of 12/31/2022	Position 12/31/2022	Net OPEB Liability	Service Cost	Actuarial (Gain)/Loss	Assumption Change	Plan Change
All	82,470,896	66,757,701	15,713,195	910,799	9,773,581	(374,433)	(1,110,014)
101	13,520,048	15,322,775	(1,802,727)	92,785	2,792,110	(644,580)	-
206	25,375,531	19,008,472	6,367,059	383,855	2,432,479	382,227	(1,110,014)
207	31,737,762	21,892,893	9,844,869	339,825	4,059,693	330,494	-
290	4,778,529	3,504,763	1,273,766	61,914	196,857	(238,728)	-
591	6,327,039	6,378,635	(51,596)	25,747	279,141	(284,877)	-
598	731,987	650,163	81,824	6,673	13,301	81,031	-

## APPENDIX

### Status Reconciliation of Active and Retired members

Status reconciliation - flow of lives								
	A	R	I	B	T	D	X	Totals
Prior Year	174	209	0	17	0	0	128	528
A								
To R	(22)	22						
To T	(5)				5			
To D	(1)					1		
To X	(37)						37	
R								
To D		(5)				5		
X								
To T					15		(15)	
Additions								
From (absent)	2	0	0	5	0	0	61	68
Departures								
Current Year	111	226	0	22	20	6	211	596

Status	Description
A	Active member
R	Retired member
I	Disabled
B	Beneficiary
T	Terminated
D	Deceased
X	Not Eligible to participate