

CITY OF GROSSE POINTE WOODS
OTHER POSTEMPLOYMENT BENEFITS PLAN

ACTUARIAL VALUATION AS OF JUNE 30, 2022

GASB 74 / 75 DISCLOSURES FOR THE
PLAN/FISCAL YEAR ENDING JUNE 30, 2022

Valuation Date: June 30, 2022
Measurement Date: June 30, 2022
Fiscal Year End Date: June 30, 2022



October 27, 2022

Ms. Shawn Murphy
Treasurer/Comptroller
City of Grosse Pointe Woods
20025 Mack Plaza Drive
Grosse Pointe Woods, MI 48236

Re: GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Dear Ms. Murphy:

We are pleased to present to the City of Grosse Pointe Woods this report of the annual actuarial valuation of the City's Other Postemployment Benefits (OPEB) Program. This valuation was performed to determine annual expenses associated with providing OPEB benefits, the current funded status of the Plan, and to provide all necessary schedules required to comply with the Governmental Accounting Standards Board No. 75. The schedules related to the Governmental Accounting Standards Board No. 74 can be found in Appendix 1.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

The funded status measurements included in this report are based on the assumptions and methods used to determine the Plan's obligations and asset values as of the Measurement Date. Funded status measurements for financial accounting purposes may not be appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. Likewise, funded status measurements for financial accounting purposes may not be appropriate for assessing the need for or the amount of future actuarially determined contributions.

Foster & Foster does not provide legal, investment or accounting advice. Thus, the information in this report is not intended to supersede or supplant the advice or the interpretations of the City or its affiliated legal, investing or accounting partners.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects all applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the City, represent reasonable expectations of anticipated plan experience.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In conducting the valuation, we have relied on personnel and plan design information supplied by the City, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. Because of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The Total OPEB liability, Net OPEB Liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2022. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 74 and GASB No. 75.

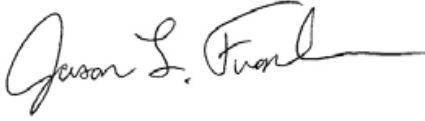
The undersigned are familiar with the immediate and long-term aspects of OPEB valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Grosse Pointe Woods, nor does anyone at Foster & Foster, Inc. act as a member of the Board of the City of Grosse Pointe Woods. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 248-399-8760.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Jason L. Franken, FSA, EA, MAAA


By: 
Colleen M. Atchison, FSA, MAAA

Table of Contents

SECTION 1 – EXECUTIVE SUMMARY	5
SECTION 2 – NOTES TO THE FINANCIAL STATEMENTS	8
SECTION 3 – GASB 75 DISCLOSURE SCHEDULES	13
SECTION 4 – GASB 75 OPEB EXPENSE	16
SECTION 5 – GASB 75 AMORTIZATION SCHEDULES	17
SECTION 6 – ACTUARIAL FUNDING CALCULATIONS	20
SECTION 7 – PER CAPITA CLAIMS COSTS AND CONTRIBUTION AMOUNTS	22
SECTION 8 – MEMBER STATISTICS	23
SECTION 9 – ACTUARIAL ASSUMPTIONS AND FUNDING METHODS	25
SECTION 10 – SUMMARY OF PLAN PROVISIONS	28
APPENDIX 1 – ADDITIONAL DISCLOSURES FOR GASB 74.....	29
APPENDIX 2 – GASB 74/75 CROSSOVER TEST	31

SECTION 1 – Executive Summary

SECTION 1 – EXECUTIVE SUMMARY

The valuation results presented in this report have been prepared in accordance with the Government Accounting Standards Board Statement 75 (GASB 75) for the City of Grosse Pointe Woods' Other Postemployment Benefits (OPEB) Program, based on the actuarial valuation performed as of June 30, 2022.

The results of this valuation are based on a Valuation Date of June 30, 2022, a Measurement Date of June 30, 2022, and are applicable to the fiscal year ending June 30, 2022. The following table shows the key components of the City's OPEB valuation for FY 2022 under GASB 75:

Total OPEB Liability as of the Measurement Date	\$	26,826,424
Plan Fiduciary Net Position as of the Measurement Date		1,581,106
Sponsor's Net OPEB Liability as of the Measurement Date	\$	<u>25,245,318</u>
OPEB Expense/(Revenue) For the Fiscal Year ending June 30, 2022	\$	(4,993,318)
Covered Employee Payroll	\$	3,029,307
Sponsor's Net OPEB Liability as a percentage of Covered Employee Payroll		833.37%
Actuarially Determined Contribution as of June 30, 2022	\$	2,208,802
Census Information as of June 30, 2022		
Active Participants		36
Retirees, Beneficiaries, and Disabled Members		97
Inactive Vested Members		0
Total Participants		<u>133</u>

SECTION 1 – Executive Summary

Notes on the Valuation:

The following changes have been made since the prior valuation:

- The census data was collected as of June 30, 2022 and is representative of the population as of that date.
- The annual per capita claims costs have been updated to reflect current age-adjusted health care premiums. The premium rates have been updated to use those effective during the 2022 fiscal year.
- The mortality improvement scale has been updated from Scale MP-2019 to Scale MP-2020, in accordance with the 2022 Uniform Assumptions of Michigan Public Act 202.
- The long-term rate of return on investments was decreased from 7.00% to 6.85% per year, in accordance with the 2022 Uniform Assumptions of Michigan Public Act 202.
- The GASB 75 discount rate as of the measurement date is 6.85%. The discount rate is based on the long-term rate of return on plan assets. For more information, see the Crossover Test in Appendix 2.
- The termination benefits and inactive vested pension participants have been excluded from the results based on our understanding of the OPEB plan provisions. This is reflected as a Change in Benefit Terms since these benefits were included in previous valuations.

City's Funding Policy:

The numbers shown above reflect a decision to fund the program. The board intends to contribute an amount equal to the actuarially determined contribution each year until the plan is fully funded.

SECTION 1 – Executive Summary

Governmental Accounting Standard No. 75:

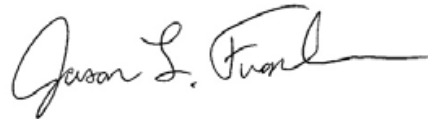
GASB 75 requires governmental employers to recognize the Net OPEB Liability and the OPEB expense in their financial statements, along with the related deferred outflows and inflows of resources. GASB 75 is similar to GASB 68 for pensions. Under GASB 75, the Net OPEB Liability is the difference between the Total OPEB Liability (i.e. Actuarial Accrued Liability) and the Plan's Fiduciary Net Position (i.e. assets). For unfunded plans, the OPEB liability recorded on the employer's balance sheet is equal to the Total OPEB Liability.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

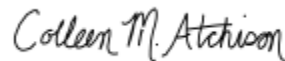
FOSTER & FOSTER, INC.

By:



Jason L. Franken, FSA, EA, MAAA

By:



Colleen M. Atchison, FSA, MAAA

SECTION 2 – Notes to Financial Statements

SECTION 2 – NOTES TO THE FINANCIAL STATEMENTS (For the Year Ended June 30, 2022)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Grosse Pointe Woods' post-retirement health benefits plan (Plan) and additions to/ deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description:

The City of Grosse Pointe Woods' post-retirement health benefits plan (Plan) is a single employer defined benefit postemployment health care plan that covers eligible retired employees and their spouses. The Plan allows employees who retire or become disabled and meet retirement eligibility requirements under the Plan to continue medical coverage as a participant in the plan.

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	97
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	36
	<hr/>
	133
	<hr/> <hr/>

Benefits Provided:

Retirees hired prior to 2011 and their spouses are eligible for post-retirement health insurance. The portion of the benefits payable by the City depend on the retiree's service credits.

SECTION 2 – Notes to Financial Statements

NET OPEB LIABILITY

The measurement date for GASB 75 reporting is June 30, 2022.

The measurement period for the OPEB expense was July 1, 2021 to June 30, 2022.

The reporting period is July 1, 2021 to June 30, 2022.

The City's Net OPEB Liability was measured as of June 30, 2022. The Total OPEB Liability used to calculate the Net OPEB Liability was determined as of that date.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	3.50%
Discount Rate	6.85%
Initial Trend Rate	6.00%
Ultimate Trend Rate	5.00%
Years to Ultimate	10
Investment Rate of Return	6.85%

All mortality rates were based on the Pub-2010 mortality tables, projected generationally using mortality improvement scale MP-2020.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that Plan contributions will be made equal to the Actuarially Determined Contribution. Based on these assumptions, the 6.85% discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the actuarial present values determined in conformity with GASB Statements No. 74/75. Please refer to Appendix II for further details.

SECTION 2 – Notes to Financial Statements

CHANGES IN NET OPEB LIABILITY

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending June 30, 2021	\$ 37,613,261	\$ 1,584,642	\$ 36,028,619
Changes for the Year:			
Service Cost	512,421	-	512,421
Interest	2,617,900	-	2,617,900
Differences Between Expected and Actual Experience	(377,814)	-	(377,814)
Changes of Assumptions	(8,679,086)	-	(8,679,086)
Changes of Benefit Terms	(3,381,046)	-	(3,381,046)
Explicit Contributions - Employer	-	1,679,212	(1,679,212)
Explicit Contributions - Employee	-	57,134	(57,134)
Net Investment Income	-	(260,670)	260,670
Benefit Payments	(1,479,212)	(1,479,212)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	(10,786,837)	(3,536)	(10,783,301)
Reporting Period Ending June 30, 2022	<u>\$ 26,826,424</u>	<u>\$ 1,581,106</u>	<u>\$ 25,245,318</u>

Differences Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of June 30, 2022.

Changes of Benefit Terms reflects the exclusion of inactive vested pension participants and the removal of termination benefits for current active employees under the OPEB plan.

SECTION 2 – Notes to Financial Statements

Changes of Assumptions reflects a change in the discount rate from 7.00% for the reporting period ending June 30, 2021, to 6.85% for the reporting period ending June 30, 2022. Also reflected as assumption changes are updated retiree health care, vision, and dental costs and an updated mortality improvement scale. A detailed breakdown of the impact of each assumption change is shown in the table below.

<u>Impact from Assumption Changes</u>	<u>Total OPEB Liability</u>
Update to medical plan assumed for future retirees from Plan 0039 to Plan 0106 for pre-65 retirees and Medicare Advantage plan for post-65 retirees	\$ (7,688,641)
Update to medical aging factors, current year premiums, and coverage tier elections	(1,883,312)
Health care trend rate reset	432,415
Mortality improvement scale updated from MP-2019 to MP-2020	(224,848)
Decrease in Discount Rate from 7.00% to 6.85%	<u>685,300</u>
<u>Total Impact from Assumption Changes</u>	<u>\$ (8,679,086)</u>

SECTION 2 – Notes to Financial Statements

Sensitivity of the Net OPEB Liability to changes in the Discount Rate:

The following presents the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.85%	6.85%	7.85%
Net OPEB Liability (asset)	\$ 29,064,427	\$ 25,245,318	\$ 22,138,991

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates:

The following presents the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	4.00% - 5.00%	5.00% - 6.00%	6.00% - 7.00%
Net OPEB Liability (asset)	\$ 21,998,276	\$ 25,245,318	\$ 29,243,979

OPEB Plan Fiduciary Net Position:

Detailed information about the OPEB Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

SECTION 3 – GASB 75 Disclosure Schedules

SECTION 3 – GASB 75 DISCLOSURE SCHEDULES

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2022, the City will recognize OPEB Expense/(Revenue) of \$(4,993,318).

On June 30, 2022, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences Between Expected and Actual Experience	\$ -	\$ 188,907
Changes of Assumptions	-	4,435,846
Net difference between Projected and Actual Earnings on OPEB Plan investments	\$ 170,599	\$ -
Total	<u>\$ 170,599</u>	<u>\$ 4,624,753</u>

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 June 30:	
2023	\$ (4,591,699)
2024	\$ 34,180
2025	\$ 27,246
2026	\$ 76,119
2027	\$ -
Thereafter	\$ -

SECTION 3 – GASB 75 Disclosure Schedules

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS

Reporting Period Ending Measurement Date	06/30/2022	06/30/2021
	06/30/2022	06/30/2021
Total OPEB Liability		
Service Cost	\$ 512,421	\$ 431,244
Interest	2,617,900	2,527,585
Changes of benefit terms	(3,381,046)	-
Differences between Expected and Actual Experience	(377,814)	-
Changes of assumptions	(8,679,086)	(288,911)
Benefit Payments	(1,479,212)	(1,443,135)
Net Change in Total OPEB Liability	(10,786,837)	1,226,783
Total OPEB Liability - Beginning	37,613,261	36,386,478
Total OPEB Liability - Ending (a)	\$ 26,826,424	\$ 37,613,261
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,679,212	\$ 1,643,135
Contributions - Employee	57,134	59,723
Net Investment Income	(260,670)	323,547
Benefit Payments	(1,479,212)	(1,443,135)
Administrative Expense	-	-
Other	-	-
Net Change in Plan Fiduciary Net Position	(3,536)	583,270
Plan Fiduciary Net Position - Beginning	1,584,642	1,001,372
Plan Fiduciary Net Position - Ending (b)	\$ 1,581,106	\$ 1,584,642
Sponsor's Net OPEB Liability - Ending (a) - (b)	\$ 25,245,318	\$ 36,028,619
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	5.89%	4.21%
Covered Employee Payroll	\$ 3,029,307	\$ 3,361,323
Sponsor's Net OPEB Liability as a percentage of Covered Employee Payroll	833.37%	1071.86%

SECTION 3 – GASB 75 Disclosure Schedules

SCHEDULE OF CITY CONTRIBUTIONS

	2022	2021	2020
Actuarially Determined Contribution	\$ 2,227,338	\$ 2,458,964	\$ 3,125,991
Contributions in relation to the Actuarially Determined Contributions	1,736,346	1,702,858	1,401,986
Contribution (Deficiency)/Excess	<u>\$ (490,992)</u>	<u>\$ (756,106)</u>	<u>\$ (1,724,005)</u>
Covered Employee Payroll	\$ 3,029,307	\$ 3,361,323	\$ 3,247,655
Contributions as a percentage of Covered Employee Payroll	57.32%	50.66%	43.17%
Valuation Date	6/30/2022	6/30/2020	6/30/2018

Notes to Schedule:

Actuarially determined contribution rates shown above are calculated as of June 30 of the plan/fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates are the same as those found in Section 8 of this report.

SECTION 4 – GASB 75 Expense

SECTION 4 – GASB 75 OPEB EXPENSE

COMPONENTS OF OPEB EXPENSE

Fiscal Year Ending June 30, 2022

	Net OPEB Liability	Deferred Inflows	Deferred Outflows	OPEB Expense
Beginning balance	\$ 36,028,619	\$ 462,303	\$ 61,786	\$ -
Total OPEB Liability Factors:				
Service Cost	512,421	-	-	512,421
Interest	2,617,900	-	-	2,617,900
Changes in benefit terms	(3,381,046)	-	-	(3,381,046)
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(377,814)	377,814	-	-
Current year amortization of experience difference	-	(260,864)	-	(260,864)
Change in assumptions about future economic or demographic factors or other inputs	(8,679,086)	8,679,086	-	-
Current year amortization of change in assumptions	-	(4,435,847)	(37,903)	(4,397,944)
Explicit Benefit Payments	(1,479,212)	-	-	-
Net change	<u>\$ (10,786,837)</u>	<u>\$ 4,360,189</u>	<u>\$ (37,903)</u>	<u>\$ (4,909,533)</u>
Plan Fiduciary Net Position:				
Explicit Contributions - Employer	1,679,212	\$ -	\$ -	\$ -
Explicit Contributions - Employee	57,134	-	-	-
Expected Net Investment Income	119,925	-	-	(119,925)
Difference between projected and actual earnings on OPEB	-	-	-	-
Plan investments	(380,595)	-	380,595	-
Current year amortization	-	(49,996)	(86,136)	36,140
Explicit Benefit Payments	(1,479,212)	-	-	-
Administrative Expenses	-	-	-	-
Other	-	-	-	-
Net change	<u>(3,536)</u>	<u>(49,996)</u>	<u>294,459</u>	<u>(83,785)</u>
Ending Balance	<u>\$ 25,245,318</u>	<u>\$ 4,772,496</u>	<u>\$ 318,342</u>	<u>\$ (4,993,318)</u>

SECTION 5 – GASB 75 Amortization Schedules

SECTION 5 – GASB 75 AMORTIZATION SCHEDULES

AMORTIZATION SCHEDULE – DUE TO RECOGNITION OF THE DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON TRUST INVESTMENTS

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences between Projected and Actual Earnings on OPEB Plan Investments

Measurement Year	Differences Between Projected and Actual Earnings on OPEB Plan Investments	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030
2018	\$ 15,428	5	\$ 3,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (5,622)	5	(1,124)	(1,126)	-	-	-	-	-	-	-
2020	\$ 34,665	5	6,933	6,933	6,933	-	-	-	-	-	-
2021	\$ (244,361)	5	(48,872)	(48,872)	(48,872)	(48,873)	-	-	-	-	-
2022	\$ 380,595	5	76,119	76,119	76,119	76,119	76,119	-	-	-	-
Net Increase (Decrease) in OPEB Expense			\$ 36,140	\$ 33,054	\$ 34,180	\$ 27,246	\$ 76,119	\$ -	\$ -	\$ -	\$ -

SECTION 5 – GASB 75 Amortization Schedules

AMORTIZATION SCHEDULE – DUE TO RECOGNITION OF THE EFFECTS OF ASSUMPTION CHANGES

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Changes of Assumptions

Measurement Year	Assumption Changes	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030
2018	\$ (25,133,680)	2.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (1,046,230)	2.5	-	-	-	-	-	-	-	-	-
2020	\$ 290,589	2.3	37,903	-	-	-	-	-	-	-	-
2021	\$ (288,911)	3	(96,304)	(96,303)	-	-	-	-	-	-	-
2022	\$ (8,679,086)	2	(4,339,543)	(4,339,543)	-	-	-	-	-	-	-
Net Increase (Decrease) in OPEB Expense			\$ (4,397,944)	\$ (4,435,846)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SECTION 5 – GASB 75 Amortization Schedules

AMORTIZATION SCHEDULE – DUE TO DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Measurement Year	Differences Between		2022	2023	2024	2025	2026	2027	2028	2029	2030
	Expected and Actual Experience	Recognition Period (Years)									
2018	\$ (3,809,187)	2.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (1,375,107)	2.5	-	-	-	-	-	-	-	-	-
2020	\$ (551,667)	2.3	(71,957)	-	-	-	-	-	-	-	-
2021	\$ -	3	-	-	-	-	-	-	-	-	-
2022	\$ (377,814)	2	(188,907)	(188,907)	-	-	-	-	-	-	-
Net Increase (Decrease) in OPEB Expense			\$ (260,864)	\$ (188,907)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SECTION 6 – Actuarial Funding Calculations

SECTION 6 – ACTUARIAL FUNDING CALCULATIONS

Participants by Group

As of June 30, 2022, the following participants were represented in the actuarial valuation:

	<u>General</u>	<u>Public Safety</u>	<u>Total</u>
Active Participants	16	20	36
Vested Inactive Participants	0	0	0
Retirees and Beneficiaries	44	53	97
Total	60	73	133

Actuarial Accrued Liabilities by Group

The actuarial accrued liabilities as of June 30, 2022 by group and status are as follows:

	<u>General</u>	<u>Public Safety</u>	<u>Total</u>
Active Participants	\$ 3,436,488	\$ 4,612,336	\$ 8,048,824
Vested Inactive Participants	0	0	0
Retirees and Beneficiaries	7,302,821	11,474,779	18,777,600
Total	\$ 10,739,309	\$ 16,087,115	\$ 26,826,424
Less: Valuation Assets	790,553	790,553	1,581,106
Unfunded Actuarial Accrued Liability	\$ 9,948,756	\$ 15,296,562	\$ 25,245,318

Actuarially Determined Contribution by Group

The computed contribution rate consists of two components: normal cost and amortization of unfunded actuarial accrued liability. Normal cost was computed to be a level percent of payroll from date of hire to date of termination. The normal cost can be considered to be the ongoing cost of the Plan.

The portion of the total present value of future benefits allocated to service already rendered is the actuarial accrued liability. Deducting the valuation assets produces the unfunded actuarial accrued liability. We have amortized the unfunded actuarial accrued liability (UAAL) over 30 years. The amortization payments were computed to remain level as percents of payroll.

	<u>General</u>	<u>Public Safety</u>	<u>Total</u>
Normal Cost	\$ 101,490	\$ 187,637	\$ 289,128
Amortization of UAAL	763,816	1,174,394	1,938,210
Actuarially Determined Contribution	\$ 865,306	\$ 1,362,031	\$ 2,227,338

SECTION 6 – Actuarial Funding Calculations

Development of Actuarially Determined Contribution (ADC)

Valuation Date	6/30/2022	
<i>Unfunded Actuarial Accrued Liability</i>		
Actuarial Accrued Liability	\$	26,826,424
Actuarial Value of Assets		1,581,106
Unfunded Actuarial Accrued Liability (UAAL)	\$	25,245,318
<i>Amortization Amount</i>		
Amortization Period		30
Amortization Method		Open
Discount Rate		6.85%
Payroll Growth Rate		0.00%
Total Amortization Amount	\$	1,938,210
<i>Development of Actuarially Determined Contribution (ADC)</i>		
Covered Employee Payroll	\$	3,029,307
Normal Cost	\$	289,128
As of Percent of Covered Employee Payroll		9.54%
UAAL Amortization Component	\$	1,938,210
As of Percent of Covered Employee Payroll		63.98%
Total Annual Required Contribution	\$	2,227,338
As of Percent of Covered Employee Payroll		73.53%

SECTION 7 – Per Capita Claims Cost and Contribution Amount

SECTION 7 – PER CAPITA CLAIMS COSTS AND CONTRIBUTION AMOUNTS

The retiree medical, prescription, dental, and vision insurance premium rates used were effective for calendar year 2022. The following monthly premium rates were used, adjusted with medical trend rates as applicable.

Monthly Premium Rates

	<u>Pre-65 Retiree</u>	<u>Post-65 Retiree</u>
Medical	\$ 547.07	\$ 217.70
Prescription	122.97	258.46
Dental	38.02	38.02
Vision	<u>7.95</u>	<u>7.95</u>
Total	\$ 716.01	\$ 522.13

Per Capita Claims Costs were developed using premium rates, with 4.0% per year age-grading prior to age 65 for medical and prescription claims. Dental and vision claims were not age-graded. The claims costs were trended to the valuation date using applicable medical trend rates, and adjusted for expected coverage tier elections. A sample of claims costs for various ages are shown below.

	Annual Claims
Age	Cost
55	15,520.06
60	18,763.01
64	21,856.37
65+	11,222.07

SECTION 8 – Member Statistics

SECTION 8 – MEMBER STATISTICS

STATISTICAL DATA

	<u>6/30/2022</u>
Number of Active Participants	
Eligible for Retiree Health Benefits	4
Not Yet Eligible for Retiree Health benefits	32
Total	<u>36</u>
Average Current Age	47.9
Average Age at Employment	28.0
Average Past Service	19.9
Covered Employee Payroll at Valuation Date	\$ 3,029,307
Average Salary	\$ 84,147
Number of Inactives	
Retirees, Beneficiaries, and Disabled Members	97
Inactive Vested Members	0
Total	<u>97</u>
Average Current Ages	
Retirees, Beneficiaries, and Disabled Members	70.1
Inactive Vested Members	N/A
All Inactives	70.1

SECTION 8 – Member Statistics

ACTIVE AGE AND SERVICE DISTRIBUTION

AGE	TOTAL PAST SERVICE										Total
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
<25	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	2	0	0	0	0	0	0	2
40 - 44	0	0	0	1	10	1	0	0	0	0	12
45 - 49	0	0	0	0	3	8	0	0	0	0	11
50 - 54	0	0	0	0	2	5	0	0	0	0	7
55 - 59	0	0	0	0	0	1	0	0	0	0	1
60 - 64	0	0	0	0	0	1	0	0	0	0	1
65+	0	0	0	0	1	1	0	0	0	0	2
Total	0	0	0	3	16	17	0	0	0	0	36

SECTION 9 – Actuarial Assumptions and Funding Methods

SECTION 9 – ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

ACTUARIAL ASSUMPTIONS

<u>Valuation Date</u>	June 30, 2022.
<u>Measurement Date</u>	June 30, 2022.
<u>Reporting Period Fiscal Year End</u>	June 30, 2022.
<u>Actuarial Value of Assets</u>	Market Value.
<u>Discount Rate</u>	6.85%. (previously 7.00%)
<u>Mortality Rates</u>	Pub-2010 Mortality Tables, General and Public Safety, as applicable, with fully generational mortality improvements using Scale MP-2020.
<u>Average Remaining Service Lives</u>	2 years
<u>Medical Inflation</u>	6.0%, graded down to 5.0% in 0.1% increments.
<u>Salary Increase Rates</u>	3.50% per year, plus merit-based rates below:

Age	General	Public Safety
20	3.8%	3.0%
25	3.1%	3.0%
30	2.7%	2.6%
35	2.4%	1.1%
40	2.1%	0.2%
45	1.7%	0.2%
50	1.1%	0.2%
55	0.7%	0.1%
60	0.2%	0.0%

SECTION 9 – Actuarial Assumptions and Funding Methods

Retirement Rates

Age	General	Public Safety
50	30%	40%
51	25%	40%
52	20%	30%
53	20%	30%
54	20%	30%
55	30%	40%
56	30%	30%
57	25%	30%
58	25%	30%
59	25%	30%
60	30%	40%
61	15%	15%
62	35%	20%
63	15%	15%
64	15%	15%
65	60%	60%
66	30%	30%
67	40%	40%
68	50%	50%
69	90%	70%
70+	100%	100%

SECTION 9 – Actuarial Assumptions and Funding Methods

Termination Rates

Service-related rates for the first five years of employment; age-related rates thereafter.

Age	Years of Service	General	Public Safety
All	0	20.00%	12.00%
	1	15.00%	9.00%
	2	12.00%	8.00%
	3	10.00%	7.00%
	4	8.00%	6.00%
25	5 & Over	6.00%	4.50%
30		6.00%	3.90%
35		5.00%	2.30%
40		3.00%	0.90%
45		2.00%	0.50%
50		2.00%	0.50%
55		1.30%	0.50%
60		1.30%	0.50%

Disability Rates

Age	General	Public Safety
20	0.04%	0.08%
25	0.04%	0.15%
30	0.04%	0.30%
35	0.04%	0.49%
40	0.10%	0.68%
45	0.15%	0.87%
50	0.25%	1.06%
55	0.49%	1.26%
60+	1.20%	1.46%

Actuarial Cost Method

Entry Age Normal (Level Percentage of Pay).

SECTION 10 – Summary of Plan Provisions

SECTION 10 – SUMMARY OF PLAN PROVISIONS

Eligibility

Retirees and spouses of retirees are eligible for coverage. Surviving spouses of deceased retirees are also eligible for coverage.

Employees hired after 2011 are not eligible for coverage.

Benefits

Medical, prescription drug, dental, and vision benefits are payable for life to eligible participants, subject to plan documents and collective bargaining agreements.

The portion of the benefits payable by the City depends upon the retiree's service credit. The following table is a brief summary of the city contribution for Normal Retirement and Non-Duty Death. For Duty Disability and Duty Death, the city contribution is 100%.

Years of Service at Retirement	City Contribution	
	Retiree	Spouse
10-14	25%	0%
15-19	50%	0%*
20-24	100%	75%
25+	100%	100%

*25% for Public Safety and Fire Specialists

APPENDIX 1 – Additional Disclosures for GASB 74

APPENDIX 1 – ADDITIONAL DISCLOSURES FOR GASB 74

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2022

<u>ASSETS</u>	MARKET VALUE
Total Cash and Investments	1,581,106
Total Assets	1,581,106
<u>LIABILITIES</u>	
Payables:	
Accrued Liabilities	-
Total Liabilities	-
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	1,581,106

APPENDIX 1 – Additional Disclosures for GASB 74

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022
Market Value Basis

ADDITIONS

Contributions:

Member Contributions	57,134	
Employer Contributions	1,679,212	

Total Contributions 1,736,346

Investment Income:

Net appreciation/(depreciation) in fair value of investments	35,392	
Less Investment Expense	(296,062)	

Net Investment Income (260,670)

Total Additions 1,475,676

DEDUCTIONS

Distributions to Members:

Insurance Premiums	1,479,212	
Refunds	-	
Consultant Management Fees	-	
Administration	-	

Total Deductions 1,479,212

Net Increase in Net Position (3,536)

NET POSITION RESTRICTED FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS

Beginning of the Year 1,584,642

End of the Year 1,581,106

APPENDIX 2 – GASB 74/75 Crossover Test

APPENDIX 2 – GASB 74/75 CROSSOVER TEST

Grosse Pointe Woods - GASB Statement 74/75 Crossover Projection

Projection of the Plan's Fiduciary Net Position

Based on the June 30, 2022 Measurement Date. 6.85% Asset Return; 2.16% Index Rate

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2022	1,581,106	2,227,338	1,292,394	0	140,328	2,656,377
2023	2,656,377	2,317,170	1,345,726	0	215,234	3,843,055
2024	3,843,055	2,305,775	1,400,545	0	294,253	5,042,538
2025	5,042,538	2,288,010	1,438,541	0	374,508	6,266,515
2026	6,266,515	2,272,742	1,530,877	0	454,665	7,463,045
2027	7,463,045	2,240,117	1,620,940	0	532,425	8,614,647
2028	8,614,647	2,207,303	1,712,868	0	607,038	9,716,120
2029	9,716,120	2,179,694	1,785,809	0	679,045	10,789,050
2030	10,789,050	2,148,809	1,908,306	0	747,287	11,776,840
2031	11,776,840	2,116,809	2,029,364	0	809,709	12,673,993
2032	12,673,993	2,073,745	2,148,644	0	865,603	13,464,698
2033	13,464,698	2,034,944	2,261,782	0	914,563	14,152,423
2034	14,152,423	2,006,245	2,333,140	0	958,245	14,783,772
2035	14,783,772	1,975,632	2,432,581	0	997,038	15,323,861
2036	15,323,861	1,949,506	2,479,188	0	1,031,543	15,825,722
2037	15,825,722	1,928,245	2,514,527	0	1,063,982	16,303,422
2038	16,303,422	1,909,659	2,558,950	0	1,094,546	16,748,677
2039	16,748,677	1,893,174	2,644,753	0	1,121,543	17,118,641
2040	17,118,641	1,877,285	2,647,766	0	1,146,238	17,494,398
2041	17,494,398	1,862,172	2,576,233	0	1,173,910	17,954,247
2042	17,954,247	1,847,990	2,612,476	0	1,203,682	18,393,442
2043	18,393,442	1,833,816	2,638,721	0	1,232,383	18,820,920
2044	18,820,920	1,819,488	2,628,564	0	1,261,522	19,273,366
2045	19,273,366	1,803,880	2,547,031	0	1,294,773	19,824,988
2046	19,824,988	1,787,360	2,505,761	0	1,333,406	20,439,993
2047	20,439,993	1,769,011	2,449,516	0	1,376,832	21,136,321
2048	21,136,321	1,747,968	2,451,102	0	1,423,756	21,856,942
2049	21,856,942	1,722,059	2,392,943	0	1,474,223	22,660,281
2050	22,660,281	1,686,058	2,380,479	0	1,528,445	23,494,305
2051	23,494,305	1,620,735	2,365,344	0	1,583,857	24,333,553
2052	24,333,553	87	2,344,861	0	1,586,540	23,575,319
2053	23,575,319	44	2,322,018	0	1,535,382	22,788,727
2054	22,788,727	0	2,295,734	0	1,482,399	21,975,392
2055	21,975,392	0	2,266,272	0	1,427,695	21,136,814
2056	21,136,814	0	2,233,823	0	1,371,363	20,274,354
2057	20,274,354	0	2,198,429	0	1,313,497	19,389,422
2058	19,389,422	0	2,160,031	0	1,254,194	18,483,586

APPENDIX 2 – GASB 74/75 Crossover Test

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2059	18,483,586	0	2,118,477	0	1,193,568	17,558,677
2060	17,558,677	0	2,073,544	0	1,131,750	16,616,883
2061	16,616,883	0	2,024,972	0	1,068,901	15,660,812
2062	15,660,812	0	1,972,311	0	1,005,214	14,693,715
2063	14,693,715	0	1,915,130	0	940,926	13,719,512
2064	13,719,512	0	1,853,016	0	876,321	12,742,816
2065	12,742,816	0	1,785,663	0	811,724	11,768,877
2066	11,768,877	0	1,712,740	0	747,507	10,803,644
2067	10,803,644	0	1,634,102	0	684,082	9,853,624
2068	9,853,624	0	1,549,920	0	621,888	8,925,592
2069	8,925,592	0	1,460,434	0	561,383	8,026,541
2070	8,026,541	0	1,366,206	0	503,026	7,163,361
2071	7,163,361	0	1,267,949	0	447,263	6,342,675
2072	6,342,675	0	1,166,642	0	394,516	5,570,548
2073	5,570,548	0	1,063,627	0	345,153	4,852,075
2074	4,852,075	0	960,279	0	299,478	4,191,273
2075	4,191,273	0	858,022	0	257,715	3,590,966
2076	3,590,966	0	758,321	0	220,009	3,052,654
2077	3,052,654	0	662,528	0	186,415	2,576,541
2078	2,576,541	0	571,773	0	156,910	2,161,678
2079	2,161,678	0	487,076	0	131,393	1,805,995
2080	1,805,995	0	409,122	0	109,698	1,506,571
2081	1,506,571	0	338,534	0	91,605	1,259,642
2082	1,259,642	0	275,687	0	76,843	1,060,798
2083	1,060,798	0	220,695	0	65,106	905,209
2084	905,209	0	173,515	0	56,064	787,758
2085	787,758	0	133,854	0	49,377	703,281
2086	703,281	0	101,222	0	44,708	646,767
2087	646,767	0	74,964	0	41,736	613,539
2088	613,539	0	54,321	0	40,167	599,385
2089	599,385	0	38,476	0	39,740	600,649
2090	600,649	0	26,614	0	40,233	614,268
2091	614,268	0	17,963	0	41,462	637,767
2092	637,767	0	11,824	0	43,282	669,225
2093	669,225	0	7,583	0	45,582	707,225
2094	707,225	0	4,737	0	48,283	750,770
2095	750,770	0	2,879	0	51,329	799,220
2096	799,220	0	1,705	0	54,688	852,204
2097	852,204	0	983	0	58,342	909,563
2098	909,563	0	554	0	62,286	971,295

APPENDIX 2 – GASB 74/75 Crossover Test

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2099	971,295	0	305	0	66,523	1,037,513
2100	1,037,513	0	164	0	71,064	1,108,413
2101	1,108,413	0	86	0	75,923	1,184,250
2102	1,184,250	0	45	0	81,120	1,265,325
2103	1,265,325	0	23	0	86,674	1,351,976
2104	1,351,976	0	11	0	92,610	1,444,575
2105	1,444,575	0	5	0	98,953	1,543,523
2106	1,543,523	0	2	0	105,731	1,649,253
2107	1,649,253	0	1	0	112,974	1,762,225
2108	1,762,225	0	0	0	120,712	1,882,938
2109	1,882,938	0	0	0	128,981	2,011,919
2110	2,011,919	0	0	0	137,816	2,149,735
2111	2,149,735	0	0	0	147,257	2,296,992
2112	2,296,992	0	0	0	157,344	2,454,336
2113	2,454,336	0	0	0	168,122	2,622,458
2114	2,622,458	0	0	0	179,638	2,802,097
2115	2,802,097	0	0	0	191,944	2,994,040
2116	2,994,040	0	0	0	205,092	3,199,132
2117	3,199,132	0	0	0	219,141	3,418,273
2118	3,418,273	0	0	0	234,152	3,652,424
2119	3,652,424	0	0	0	250,191	3,902,615
2120	3,902,615	0	0	0	267,329	4,169,945