

CITY OF GROSSE POINTE WOODS
OTHER POSTEMPLOYMENT BENEFITS PLAN

GASB 74 / 75 DISCLOSURES FOR THE
PLAN/FISCAL YEAR ENDING JUNE 30, 2023

Valuation Date: June 30, 2022
Measurement Date: June 30, 2023
Fiscal Year End Date: June 30, 2023



August 31, 2023

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, 2023

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, and certain results were projected to the measurement date using generally accepted actuarial methods. 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.

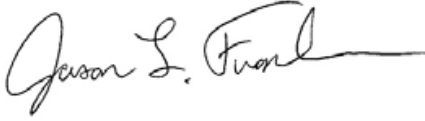
The undersigned are familiar with the immediate and long-term aspects of OPEB valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All the sections of this report are considered an integral part of the actuarial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

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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, 2023, and are applicable to the fiscal year ending June 30, 2023. The following table shows the key components of the City's OPEB valuation for FY 2023 under GASB 75:

Total OPEB Liability as of the Measurement Date	\$	27,684,591
Plan Fiduciary Net Position as of the Measurement Date		2,013,044
Sponsor's Net OPEB Liability as of the Measurement Date	\$	<u>25,671,547</u>
OPEB Expense/(Revenue) For the Fiscal Year ending June 30, 2023	\$	(2,635,995)
Covered Employee Payroll	\$	3,135,333
Sponsor's Net OPEB Liability as a percentage of Covered Employee Payroll		818.78%
Actuarially Determined Contribution as of June 30, 2023	\$	2,260,062
Census Information as of June 30, 2022		
Active Participants		36
Retirees, Beneficiaries, and Disabled Members		97
Inactive Vested Members		<u>0</u>
Total Participants		133

SECTION 1 – Executive Summary

Notes on the Valuation:

The following changes have been made since the prior valuation:

- No changes have been made since the prior valuation.

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, 2023)

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, 2023.

The measurement period for the OPEB expense was July 1, 2022 to June 30, 2023.

The reporting period is July 1, 2022 to June 30, 2023.

The City's Net OPEB Liability was measured as of June 30, 2023. 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, and updated to the measurement date 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 Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending June 30, 2022	\$ 26,826,424	\$ 1,581,106	\$ 25,245,318
Changes for the Year:			
Service Cost	270,592	-	270,592
Interest	1,814,809	-	1,814,809
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Changes of Benefit Terms	-	-	-
Explicit Contributions - Employer	-	1,427,234	(1,427,234)
Explicit Contributions - Employee	-	51,075	(51,075)
Net Investment Income	-	180,863	(180,863)
Benefit Payments	(1,227,234)	(1,227,234)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	858,167	431,938	426,229
Reporting Period Ending June 30, 2023	\$ 27,684,591	\$ 2,013,044	\$ 25,671,547

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:

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.85%	6.85%	7.85%
Net OPEB Liability (asset)	\$ 29,543,889	\$ 25,671,547	\$ 22,516,107

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:

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	4.00% - 5.00%	5.00% - 6.00%	6.00% - 7.00%
Net OPEB Liability (asset)	\$ 22,152,906	\$ 25,671,547	\$ 30,008,047

SECTION 2 – Notes to Financial Statements

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, 2023, the City will recognize OPEB Expense/(Revenue) of (\$2,635,995).

On June 30, 2023, 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	\$ -	\$ -
Changes of Assumptions	-	-
Net difference between Projected and Actual Earnings on OPEB Plan investments	86,379	-
Total	<u>\$ 86,379</u>	<u>\$ -</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:

2024	\$ 21,388
2025	\$ 14,454
2026	\$ 63,327
2027	\$ (12,790)
2028	\$ -
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	06/30/2023 06/30/2023	06/30/2022 06/30/2022
Total OPEB Liability		
Service Cost	\$ 270,592	\$ 512,421
Interest	1,814,809	2,617,900
Changes of benefit terms	-	(3,381,046)
Differences between Expected and Actual Experience	-	(377,814)
Changes of assumptions	-	(8,679,086)
Benefit Payments	(1,227,234)	(1,479,212)
Net Change in Total OPEB Liability	858,167	(10,786,837)
Total OPEB Liability - Beginning	26,826,424	37,613,261
Total OPEB Liability - Ending (a)	<u>\$ 27,684,591</u>	<u>\$ 26,826,424</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,427,234	\$ 1,679,212
Contributions - Employee	51,075	57,134
Net Investment Income	180,863	(260,670)
Benefit Payments	(1,227,234)	(1,479,212)
Administrative Expense	-	-
Other	-	-
Net Change in Plan Fiduciary Net Position	431,938	(3,536)
Plan Fiduciary Net Position - Beginning	1,581,106	1,584,642
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,013,044</u>	<u>\$ 1,581,106</u>
Sponsor's Net OPEB Liability - Ending (a) - (b)	<u>\$ 25,671,547</u>	<u>\$ 25,245,318</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	7.27%	5.89%
Covered Employee Payroll	\$ 3,135,333	\$ 3,029,307
Sponsor's Net OPEB Liability as a percentage of Covered Employee Payroll	818.78%	833.37%

SECTION 3 – GASB 75 Disclosure Schedules

SCHEDULE OF CITY CONTRIBUTIONS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially Determined Contribution	\$ 2,260,062	\$ 2,227,338	\$ 2,458,964
Contributions in relation to the Actuarially Determined Contributions	1,478,309	1,736,346	1,702,858
Contribution (Deficiency)/Excess	<u>\$ (781,753)</u>	<u>\$ (490,992)</u>	<u>\$ (756,106)</u>
Covered Employee Payroll	\$ 3,135,333	\$ 3,029,307	\$ 3,361,323
Contributions as a percentage of Covered Employee Payroll	47.15%	57.32%	50.66%
Valuation Date	6/30/2022	6/30/2022	6/30/2020

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, 2023

	Net OPEB Liability	Deferred Inflows	Deferred Outflows	OPEB Expense
Beginning balance	\$ 25,245,318	\$ 4,772,496	\$ 318,342	\$ -
Total OPEB Liability Factors:				
Service Cost	270,592	-	-	270,592
Interest	1,814,809	-	-	1,814,809
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	(188,907)	-	(188,907)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	(4,435,846)	-	(4,435,846)
Explicit Benefit Payments	(1,227,234)	-	-	-
Net change	<u>\$ 858,167</u>	<u>\$ (4,624,753)</u>	<u>\$ -</u>	<u>\$ (2,539,352)</u>
Plan Fiduciary Net Position:				
Explicit Contributions - Employer	1,427,234	\$ -	\$ -	\$ -
Explicit Contributions - Employee	51,075	-	-	-
Expected Net Investment Income	116,905	-	-	(116,905)
Difference between projected and actual earnings on OPEB	-	-	-	-
Plan investments	63,958	63,958	-	-
Current year amortization	-	(62,790)	(83,052)	20,262
Explicit Benefit Payments	(1,227,234)	-	-	-
Administrative Expenses	-	-	-	-
Other	-	-	-	-
Net change	<u>431,938</u>	<u>1,168</u>	<u>(83,052)</u>	<u>(96,643)</u>
Ending Balance	<u>\$ 25,671,547</u>	<u>\$ 148,911</u>	<u>\$ 235,290</u>	<u>\$ (2,635,995)</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)	2023	2024	2025	2026	2027	2028	2029	2030
2018	\$ 15,428	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (5,622)	5	(1,126)	-	-	-	-	-	-	-
2020	\$ 34,665	5	6,933	6,933	-	-	-	-	-	-
2021	\$ (244,361)	5	(48,872)	(48,872)	(48,873)	-	-	-	-	-
2022	\$ 380,595	5	76,119	76,119	76,119	76,119	-	-	-	-
2023	\$ (63,958)	5	(12,792)	(12,792)	(12,792)	(12,792)	(12,790)	-	-	-
Net Increase (Decrease) in OPEB Expense			\$ 20,262	\$ 21,388	\$ 14,454	\$ 63,327	\$ (12,790)	\$ -	\$ -	\$ -

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)	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	-	-	-	-	-	-	-	-
2021	\$ (288,911)	3	(96,303)	-	-	-	-	-	-	-
2022	\$ (8,679,086)	2	(4,339,543)	-	-	-	-	-	-	-
2023	\$ -	2	-	-	-	-	-	-	-	-
Net Increase (Decrease) in OPEB Expense			\$ (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 Expected and Actual Experience		Recognition Period (Years)							
	Expected and Actual Experience	Recognition Period (Years)	2023	2024	2025	2026	2027	2028	2029	2030
2018	\$ (3,809,187)	2.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (1,375,107)	2.5	-	-	-	-	-	-	-	-
2020	\$ (551,667)	2.3	-	-	-	-	-	-	-	-
2021	\$ -	3	-	-	-	-	-	-	-	-
2022	\$ (377,814)	2	(188,907)	-	-	-	-	-	-	-
2023	\$ -	2	-	-	-	-	-	-	-	-
Net Increase (Decrease) in OPEB Expense			\$ (188,907)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SECTION 6 – Per Capita Claims Cost and Contribution Amount

SECTION 6 – 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 7 – Member Statistics

SECTION 7 – 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 7 – 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 8 – Actuarial Assumptions and Funding Methods

SECTION 8 – ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

ACTUARIAL ASSUMPTIONS

<u>Valuation Date</u>	June 30, 2022.
<u>Measurement Date</u>	June 30, 2023.
<u>Reporting Period Fiscal Year End</u>	June 30, 2023.
<u>Actuarial Value of Assets</u>	Market Value.
<u>Discount Rate</u>	6.85%.
<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 8 – 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 8 – 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 9 – Summary of Plan Provisions

SECTION 9 – 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, 2023

<u>ASSETS</u>	MARKET VALUE
Total Cash and Investments	2,013,044
Total Assets	2,013,044
<u>LIABILITIES</u>	
Payables:	
Accrued Liabilities	-
Total Liabilities	-
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	2,013,044

APPENDIX 1 – Additional Disclosures for GASB 74

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023
Market Value Basis

ADDITIONS

Contributions:

Member Contributions	51,075	
Employer Contributions	1,427,234	

Total Contributions 1,478,309

Investment Income:

Net appreciation/(depreciation) in fair value of investments	180,863	
Less Investment Expense	-	

Net Investment Income 180,863

Total Additions 1,659,172

DEDUCTIONS

Distributions to Members:

Insurance Premiums	1,227,234	
Refunds	-	
Consultant Management Fees	-	
Administration	-	

Total Deductions 1,227,234

Net Increase in Net Position 431,938

NET POSITION RESTRICTED FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS

Beginning of the Year 1,581,106

End of the Year 2,013,044

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, 2023 Measurement Date. 6.85% Asset Return; 3.54% 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
2023	2,013,044	2,286,810	1,345,726	0	170,126	3,124,253
2024	3,124,253	2,334,531	1,400,545	0	246,000	4,304,239
2025	4,304,239	2,319,895	1,438,541	0	325,027	5,510,620
2026	5,510,620	2,307,728	1,530,877	0	404,085	6,691,556
2027	6,691,556	2,278,206	1,620,940	0	480,883	7,829,705
2028	7,829,705	2,248,470	1,712,868	0	554,679	8,919,986
2029	8,919,986	2,223,903	1,785,809	0	626,024	9,984,104
2030	9,984,104	2,196,041	1,908,306	0	693,766	10,965,604
2031	10,965,604	2,167,038	2,029,364	0	755,859	11,859,137
2032	11,859,137	2,126,960	2,148,644	0	811,608	12,649,062
2033	12,649,062	2,091,111	2,261,782	0	860,615	13,339,006
2034	13,339,006	2,065,320	2,333,140	0	904,549	13,975,734
2035	13,975,734	2,037,591	2,432,581	0	943,809	14,524,554
2036	14,524,554	2,014,315	2,479,188	0	979,010	15,038,691
2037	15,038,691	1,995,868	2,514,527	0	1,012,386	15,532,418
2038	15,532,418	1,980,066	2,558,950	0	1,044,144	15,997,678
2039	15,997,678	1,966,332	2,644,753	0	1,072,605	16,391,862
2040	16,391,862	1,953,164	2,647,766	0	1,099,052	16,796,312
2041	16,796,312	1,940,738	2,576,233	0	1,128,782	17,289,599
2042	17,289,599	1,929,210	2,612,476	0	1,160,936	17,767,268
2043	17,767,268	1,917,654	2,638,721	0	1,192,361	18,238,562
2044	18,238,562	1,905,903	2,628,564	0	1,224,590	18,740,492
2045	18,740,492	1,892,828	2,547,031	0	1,261,317	19,347,606
2046	19,347,606	1,878,787	2,505,761	0	1,303,837	20,024,469
2047	20,024,469	1,862,851	2,449,516	0	1,351,583	20,789,387
2048	20,789,387	1,844,132	2,451,102	0	1,403,284	21,585,702
2049	21,585,702	1,820,416	2,392,943	0	1,459,012	22,472,186
2050	22,472,186	1,786,371	2,380,479	0	1,518,997	23,397,074
2051	23,397,074	1,722,354	2,365,344	0	1,580,677	24,334,762
2052	24,334,762	87	2,344,861	0	1,586,623	23,576,610
2053	23,576,610	44	2,322,018	0	1,535,470	22,790,106
2054	22,790,106	0	2,295,734	0	1,482,493	21,976,865
2055	21,976,865	0	2,266,272	0	1,427,795	21,138,389
2056	21,138,389	0	2,233,823	0	1,371,471	20,276,037
2057	20,276,037	0	2,198,429	0	1,313,612	19,391,220
2058	19,391,220	0	2,160,031	0	1,254,318	18,485,507

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	18,485,507	0	2,118,477	0	1,193,699	17,560,729
2060	17,560,729	0	2,073,544	0	1,131,891	16,619,076
2061	16,619,076	0	2,024,972	0	1,069,051	15,663,156
2062	15,663,156	0	1,972,311	0	1,005,375	14,696,219
2063	14,696,219	0	1,915,130	0	941,098	13,722,187
2064	13,722,187	0	1,853,016	0	876,504	12,745,675
2065	12,745,675	0	1,785,663	0	811,920	11,771,932
2066	11,771,932	0	1,712,740	0	747,716	10,806,908
2067	10,806,908	0	1,634,102	0	684,305	9,857,111
2068	9,857,111	0	1,549,920	0	622,127	8,929,319
2069	8,929,319	0	1,460,434	0	561,638	8,030,523
2070	8,030,523	0	1,366,206	0	503,298	7,167,615
2071	7,167,615	0	1,267,949	0	447,554	6,347,221
2072	6,347,221	0	1,166,642	0	394,827	5,575,406
2073	5,575,406	0	1,063,627	0	345,486	4,857,265
2074	4,857,265	0	960,279	0	299,833	4,196,819
2075	4,196,819	0	858,022	0	258,095	3,596,892
2076	3,596,892	0	758,321	0	220,415	3,058,986
2077	3,058,986	0	662,528	0	186,849	2,583,306
2078	2,583,306	0	571,773	0	157,373	2,168,907
2079	2,168,907	0	487,076	0	131,888	1,813,718
2080	1,813,718	0	409,122	0	110,227	1,514,824
2081	1,514,824	0	338,534	0	92,171	1,268,460
2082	1,268,460	0	275,687	0	77,447	1,070,221
2083	1,070,221	0	220,695	0	65,751	915,277
2084	915,277	0	173,515	0	56,754	798,516
2085	798,516	0	133,854	0	50,114	714,775
2086	714,775	0	101,222	0	45,495	659,049
2087	659,049	0	74,964	0	42,577	626,662
2088	626,662	0	54,321	0	41,066	613,407
2089	613,407	0	38,476	0	40,701	615,631
2090	615,631	0	26,614	0	41,259	630,277
2091	630,277	0	17,963	0	42,559	654,872
2092	654,872	0	11,824	0	44,454	687,502
2093	687,502	0	7,583	0	46,834	726,753
2094	726,753	0	4,737	0	49,620	771,637
2095	771,637	0	2,879	0	52,759	821,516
2096	821,516	0	1,705	0	56,215	876,027
2097	876,027	0	983	0	59,974	935,018
2098	935,018	0	554	0	64,030	998,493

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	998,493	0	305	0	68,386	1,066,575
2100	1,066,575	0	164	0	73,055	1,139,466
2101	1,139,466	0	86	0	78,050	1,217,430
2102	1,217,430	0	45	0	83,392	1,300,777
2103	1,300,777	0	23	0	89,102	1,389,857
2104	1,389,857	0	11	0	95,205	1,485,051
2105	1,485,051	0	5	0	101,726	1,586,772
2106	1,586,772	0	2	0	108,694	1,695,463
2107	1,695,463	0	1	0	116,139	1,811,602
2108	1,811,602	0	0	0	124,095	1,935,696
2109	1,935,696	0	0	0	132,595	2,068,291
2110	2,068,291	0	0	0	141,678	2,209,969
2111	2,209,969	0	0	0	151,383	2,361,352
2112	2,361,352	0	0	0	161,753	2,523,105
2113	2,523,105	0	0	0	172,833	2,695,938
2114	2,695,938	0	0	0	184,672	2,880,609
2115	2,880,609	0	0	0	197,322	3,077,931
2116	3,077,931	0	0	0	210,838	3,288,769
2117	3,288,769	0	0	0	225,281	3,514,050
2118	3,514,050	0	0	0	240,712	3,754,763
2119	3,754,763	0	0	0	257,201	4,011,964
2120	4,011,964	0	0	0	274,820	4,286,783