



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM

Date: January 5, 2021

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager
Rob Maleszyk, Chief Financial Officer
Lisa Burnham, Controller

Subject: PA 202 of 2017 – The Protecting Local Government Retirement and Benefits Act

The Michigan Legislature passed the Protecting Local Government Retirement and Benefits Act in December 2017. The forms and filing requirements are administered by the Michigan Department of Treasury and are required by local governments who offer a defined benefit pension and/or a defined benefit retirement health care system.

The requirements that relate to the City of Troy are as follows:

- Local governments must post the current year report on their website or in a public place.
- The local government must electronically submit the form to its governing body.
- Local governments must have had an actuarial experience study conducted by the plan actuary for each retirement system at least every five years.
- Local governments must have had a peer actuarial audit conducted by an actuary that is not the plan actuary OR replace the plan actuary at least every eight years.

Attached you will find our submission to the Michigan Department of Treasury. We are in compliance with the Act and none of our Systems trigger “underfunded status” as defined by PA 202 of 2017. Specifically, our Retiree Health Care is funded at 76.7% utilizing uniform assumptions against the State’s trigger of 40%. For Pensions, the trigger is 60% funded and a contribution requirement greater than 10% of the ratio of contribution to governmental fund revenues. Our Pension is overfunded at 115.8% utilizing uniform assumptions. The VFIP is funded at 49.4% but the contribution ratio is only 2.1%, thus gaining compliance with the Act.

In the near future the City of Troy will be conducting actuarial experience studies and a peer audit for all three plans.

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

Enter Local Government Name	City of Troy	Instructions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting .
Enter Six-Digit Municode	632230	
Unit Type	City	
Fiscal Year End Month	June	
Fiscal Year (four-digit year only, e.g. 2019)	2020	
Contact Name (Chief Administrative Officer)	Rob Maleszyk	Questions: For questions, please email LocalRetirementReporting@michigan.gov . Return this original Excel file. Do not submit a scanned image or PDF.
Title if not CAO	CFO	
CAO (or designee) Email Address	robert.maleszyk@troymt.gov	
Contact Telephone Number	248-524-3319	
Pension System Name (not division) 1	Troy Employee Retirement System	If your pension system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.
Pension System Name (not division) 2	Troy Volunteer Firefighter Incentive Plan and Trust	
Pension System Name (not division) 3		
Pension System Name (not division) 4		
Pension System Name (not division) 5		

Line	Descriptive Information	Source of Data	System 1	System 2	System 3	System 4	System 5
1	Is this unit a primary government (County, Township, City, Village)?	Calculated	YES	YES	YES	YES	YES
2	Provide the name of your retirement pension system	Calculated from above	Troy Employee Retirement System	Troy Volunteer Firefighter Incentive Plan and Trust			
3	Financial Information						
4	Enter retirement pension system's assets (system fiduciary net position ending)	Most Recent Audit Report	196,393,768	11,224,175			
5	Enter retirement pension system's liabilities (total pension liability ending)	Most Recent Audit Report	160,435,319	25,398,965			
6	Funded ratio	Calculated	122.4%	44.2%			
7	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	-	1,759,708			
8	Governmental Fund Revenues	Most Recent Audit Report	86,373,102	86,373,102			
9	All systems combined ADC/Governmental fund revenues	Calculated	2.0%	2.0%			
10	Membership						
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	47	155			
12	Indicate number of inactive members	Actuarial Funding Valuation used in Most Recent Audit Report	6	5			
13	Indicate number of retirees and beneficiaries	Actuarial Funding Valuation used in Most Recent Audit Report	327	129			
14	Investment Performance						
15	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	3.86%	0.98%			
16	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	7.22%	3.78%			
17	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	9.25%				
18	Actuarial Assumptions						
19	Actuarial assumed rate of investment return	Actuarial Funding Valuation used in Most Recent Audit Report	6.50%	6.50%			
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	Other	Level Dollar			
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	0	25			
22	Is each division within the system closed to new employees?	Actuarial Funding Valuation used in Most Recent Audit Report	Yes	No			
23	Uniform Assumptions						
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	189,024,296	12,043,185			
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	163,249,051	24,382,562			
26	Funded ratio using uniform assumptions	Calculated	115.8%	49.4%			
27	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	-	1,789,885			
28	All systems combined ADC/Governmental fund revenues	Calculated	2.1%	2.1%			
29	Pension Trigger Summary						
30	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary government triggers: Less than 60% funded <u>AND</u> greater than 10% ADC/Governmental fund revenues. Non-Primary government triggers: Less than 60% funded	NO	NO	NO	NO	NO

Requirements (For your information, the following are requirements of P.A. 202 of 2017)
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 Local governments must have had an actuarial experience study conducted by the plan actuary for each retirement system at least every 5 years.
 Local governments must have had a peer actuarial audit conducted by an actuary that is not the plan actuary OR replace the plan actuary at least every 8 years.

By emailing this report to the Michigan Department of Treasury, the local government acknowledges that this report is complete and accurate in all known respects.

The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) Health Care (OPEB) Report

Enter Local Government Name	City of Troy	Instructions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting
Enter Six-Digit Municode	632230	
Unit Type	City	
Fiscal Year End Month	June	
Fiscal Year (four-digit year only, e.g., 2019)	2020	Questions: For questions, please email LocalRetirementReporting@michigan.gov . Return this original Excel file. Do not submit a scanned image or PDF.
Contact Name (Chief Administrative Officer)	Rob Maleszyk	
Title if not CAO	CFO	
CAO (or designee) Email Address	robert.maleszyk@troy.mi.gov	
Contact Telephone Number	248-524-3319	

OPEB System Name (not division) 1	Troy Retiree Health Care Plan	If your OPEB system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.
OPEB System Name (not division) 2		
OPEB System Name (not division) 3		
OPEB System Name (not division) 4		
OPEB System Name (not division) 5		

Line	Descriptive Information	Source of Data	System 1	System 2	System 3	System 4	System 5
1	Is this unit a primary government (County, Township, City, Village)?	Calculated	YES	YES	YES	YES	YES
2	Provide the name of your retirement health care system	Calculated from above	Troy Retiree Health Care Plan				
3 Financial Information							
4	Enter retirement health care system's assets (system fiduciary net position ending)	Most Recent Audit Report	94,633,629				
5	Enter retirement health care system's liabilities (total OPEB liability)	Most Recent Audit Report	114,486,138				
6	Funded ratio	Calculated	82.7%				
7	Actuarially determined contribution (ADC)	Most Recent Audit Report	5,579,325				
7a	Do the financial statements include an ADC calculated in compliance with Numbered Letter 2018-3?	Most Recent Audit Report	YES				
8	Governmental Fund Revenues	Most Recent Audit Report	86,373,102				
9	All systems combined ADC/Governmental fund revenues	Calculated	6.5%				
10 Membership							
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	193				
12	Indicate number of inactive members	Actuarial Funding Valuation used in Most Recent Audit Report	-				
13	Indicate number of retirees and beneficiaries	Actuarial Funding Valuation used in Most Recent Audit Report	345				
14	Provide the amount of premiums paid on behalf of the retirees	Most Recent Audit Report or Accounting Records					
15 Investment Performance							
16	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	4.69%				
17	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	6.92%				
18	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider					
19 Actuarial Assumptions							
20	Assumed Rate of Investment Return	Actuarial Funding Valuation used in Most Recent Audit Report	6.50%				
21	Enter discount rate	Actuarial Funding Valuation used in Most Recent Audit Report	6.50%				
22	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	Level Dollar				
23	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	24				
24	Is each division within the system closed to new employees?	Actuarial Funding Valuation used in Most Recent Audit Report	Yes				
25	Health care inflation assumption for the next year	Actuarial Funding Valuation used in Most Recent Audit Report	7.00%				
26	Health care inflation assumption - Long-Term Trend Rate	Actuarial Funding Valuation used in Most Recent Audit Report	3.50%				
27 Uniform Assumptions							
28	Enter retirement health care system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	94,264,106				
29	Enter retirement health care system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	122,858,891				
30	Funded ratio using uniform assumptions	Calculated	76.7%				
31	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	3,711,791				
32	All systems combined ADC/Governmental fund revenues	Calculated	4.3%				
33 Summary Report							
34	Did the local government pay the retiree insurance premiums for the year?	Accounting Records	YES				
35	Did the local government pay the normal cost for employees hired after June 30, 2018?	Accounting Records	N/A				
36	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary government triggers: Less than 40% funded AND greater than 12% ARC/Governmental fund revenues. Non-Primary government triggers: Less than 40% funded	NO	NO	NO	NO	NO

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