



500 West Big Beaver  
Troy, MI 48084  
troymi.gov

## CITY COUNCIL AGENDA ITEM

Date: January 11, 2023

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager  
Rob Maleszyk, Chief Financial Officer  
Dee Ann Irby, Controller  
Kyle Vieth, Financial Compliance Manager

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

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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 81.9% 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 131.5% utilizing uniform assumptions. The VFIP is funded at 56.2% 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 <a href="http://michigan.gov/LocalRetirementReporting">michigan.gov/LocalRetirementReporting</a> .
<a href="#">Enter Six-Digit Municode</a>	632230	
Unit Type	City	
Fiscal Year End Month	June	
Fiscal Year (four-digit year only, e.g. 2019)	2022	Questions: For questions, please email <a href="mailto:LocalRetirementReporting@michigan.gov">LocalRetirementReporting@michigan.gov</a> . 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	<a href="mailto:robert.maleszyk@troy.mi.gov">robert.maleszyk@troy.mi.gov</a>	
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			
<b>3</b>	<b>Financial Information</b>						
4	Enter retirement pension system's assets (system fiduciary net position ending)	Most Recent Audit Report	200,271,196	13,814,880			
5	Enter retirement pension system's liabilities (total pension liability ending)	Most Recent Audit Report	162,067,090	27,298,744			
6	Funded ratio	Calculated	123.6%	50.6%			
7	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	-	1,759,708			
8	Governmental Fund Revenues	Most Recent Audit Report	87,673,670	87,673,670			
9	All systems combined ADC/Governmental fund revenues	Calculated	2.0%	2.0%			
<b>10</b>	<b>Membership</b>						
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	30	140			
12	Indicate number of inactive members	Actuarial Funding Valuation used in Most Recent Audit Report	5	3			
13	Indicate number of retirees and beneficiaries	Actuarial Funding Valuation used in Most Recent Audit Report	333	137			
<b>14</b>	<b>Investment Performance</b>						
15	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	-12.34%	-11.64%			
16	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	6.97%	4.99%			
17	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	8.22%				
<b>18</b>	<b>Actuarial Assumptions</b>						
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			
<b>23</b>	<b>Uniform Assumptions</b>						
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	214,014,405	14,963,862			
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	162,705,706	26,604,079			
26	Funded ratio using uniform assumptions	Calculated	131.5%	56.2%			
27	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	-	1,820,975			
28	All systems combined ADC/Governmental fund revenues	Calculated	2.1%	2.1%			
<b>29</b>	<b>Pension Trigger Summary</b>						
30	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	<b>Primary government triggers:</b> Less than 60% funded <u>AND</u> greater than 10% ADC/Governmental fund revenues. <b>Non-Primary government triggers:</b> 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 <a href="#">Enter Six-Digit Municode</a>	City of Troy 632230	Instructions: For a list of detailed instructions on how to complete and submit this form, visit <a href="http://michigan.gov/LocalRetirementReporting">michigan.gov/LocalRetirementReporting</a> .
Unit Type	City	
Fiscal Year End Month	June	
Fiscal Year (four-digit year only, e.g. 2019)	2022	Questions: For questions, please email <a href="mailto:LocalRetirementReporting@michigan.gov">LocalRetirementReporting@michigan.gov</a> . 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@troymi.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				
<b>3 Financial Information</b>							
4	Enter retirement health care system's assets (system fiduciary net position ending)	Most Recent Audit Report	100,409,452				
5	Enter retirement health care system's liabilities (total OPEB liability)	Most Recent Audit Report	131,113,546				
6	Funded ratio	Calculated	76.6%				
7	Actuarially determined contribution (ADC)	Most Recent Audit Report	3,180,761				
7a	Do the financial statements include an ADC calculated in compliance with <a href="#">Numbered Letter 2018-3?</a>	Most Recent Audit Report	YES				
8	Governmental Fund Revenues	Most Recent Audit Report	87,673,670				
9	All systems combined ADC/Governmental fund revenues	Calculated	3.6%				
<b>10 Membership</b>							
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	170				
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	355				
14	Provide the amount of premiums paid on behalf of the retirees	Most Recent Audit Report or Accounting Records					
<b>15 Investment Performance</b>							
16	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	-16.20%				
17	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	6.06%				
18	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider					
<b>19 Actuarial Assumptions</b>							
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	22				
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	7.50%				
26	Health care inflation assumption - Long-Term Trend Rate	Actuarial Funding Valuation used in Most Recent Audit Report	3.50%				
<b>27 Uniform Assumptions</b>							
28	Enter retirement health care system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	108,693,484				
29	Enter retirement health care system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	132,730,138				
30	Funded ratio using uniform assumptions	Calculated	81.9%				
31	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	3,061,138				
32	All systems combined ADC/Governmental fund revenues	Calculated	3.5%				
<b>33 Summary Report</b>							
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?	<b>Primary government triggers:</b> Less than 40% funded AND greater than 12% ARC/Governmental fund revenues. <b>Non-Primary government triggers:</b> Less than 40% funded	NO	NO	NO	NO	NO

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