Michigan Department of Treasury
5598 (08-18)

Protecting Local Government Retirement and Benefits Act Corrective Action Plan:

Defined Benefit Pension Retirement Systems

Issued under authority of Public Act 202 of 2017.

1. MUNICIPALITY INFORMATION

Local Unit Name: Marysville Six-Digit Muni Code: 742030

Defined Benefit Pension System Name: Police Officers and Firefighters Retirement System

Contact Name (Administrative Officer): Randall S. Fernandez

Title if not Administrative Officer: City Manager

Email: rfernandez@cityofmarysvillemi.com Telephone: 810 455-1312

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of government with at least one defined benefit pension retirement system that has been determined to have an underfunded status. Underfunded status for a defined benefit pension system is defined as being less than 60% funded according to the most recent audited financial statements, and, if the local unit of government is a city, village, township, or county, the annually required contribution (ARC) for all of the defined benefit pension retirement systems of the local unit of government is greater than 10% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board (the Board). The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension.

Filing: Per Sec. 10(1) of PA 202 of 2017 (the Act), this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. ***You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.*** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 60% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the defined benefit pension systems will be less than 10% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at LocalRetirementReporting@michigan.gov for review by the Board. **If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.** Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System

Pension Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

Municipal Stability Board: The Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

Considerations for Approval: A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status as well as the date prospective actions will be taken. A local unit of government may also include in its corrective action plan, a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

(i) Closing the current defined benefit plan.

(ii) Implementing a multiplier limit.

(iii) Reducing or eliminating new accrued benefits.

(iv) Implementing final average compensation standards.

Implementation: The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

3. DESCRIPTIONS OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

- **Please Note:** If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Note: Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

Category of Prior Actions:

☐ **System Design Changes** - System design changes may include the following: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: *The system's multiplier for current employees was lowered from 2.5X to 2X for the* ***General Employees' Retirement System*** *on* ***January 1, 2017****. On page* ***8*** *of the attached actuarial supplemental valuation, it shows our funded ratio will be* ***60%*** *by fiscal year* ***2020.***

☒ **Additional Funding –** Additional funding may include the following: Voluntary contributions above the actuarially determined contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit provided a lump sum payment of* ***$1 million*** *to the* ***General Employees' Retirement System*** *on* ***January 1, 2017****. This lump sum payment was in addition to the actuarially determined contribution (ADC) of the system. The additional contribution will increase the retirement system's funded ratio to* ***61% by 2025****. Please see page* ***10*** *of the attached enacted budget, which highlights this contribution of* ***$1 million****.*

See Attached Statement

☒ **Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from* ***2015****. Attached is an updated actuarial valuation for* ***2017*** *that shows our funded ratio has improved to* ***62%*** *as indicated on page* ***13****.*

See Attached Statement

4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the additional actions the local government is planning to implement to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Category of Prospective Actions:

☒ **System Design Changes** - System design changes may include the following: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: *Beginning with **summer 2018** contract negotiations, the local unit will seek to lower the system's multiplier for current employees from 2.5X to 2X for the **General Employees' Retirement System**. On page **8** of the attached actuarial supplemental valuation, it shows our funded ratio would be **60%** funded by **fiscal year 2020** if these changes were adopted and implemented by **fiscal year 2019.***

See Attached Statement

☒ **Additional Funding –** Additional funding may include the following: voluntary contributions above the actuarially determined contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: Beginning in **fiscal year 2019,** *the local unit will provide a lump sum payment of **$1 million** to the **General Employees' Retirement System**. This lump sum payment will be in addition to the actuarially determined contribution (ADC) of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2025**. Please see page **10** of the attached enacted budget, which highlights this contribution of **$1 million**. Please see page **12** of the attached supplemental actuarial valuation showing the projected change to the system's funded ratio with this additional contribution.*

See Attached Statement

☐ **Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *Beginning in **fiscal year 2019**, the local unit will begin amortizing the unfunded portion of the pension liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the retirement system to reach a funded status of **62%** by **2022** as shown in the attached actuarial analysis on page **13**.*

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for (insert local unit name) Marysville to make, at a minimum, the annual required contribution payment for the defined benefit pension system according to your long-term budget forecast?

☒ **Yes**
☐ **No**
If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a .pdf to this Corrective Action Plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

Naming convention: when attaching documents please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

Naming Convention	Type of Document
☒ Attachment – 1	**This Corrective Action Plan Form (Required)**
☒ Attachment – 1a	**Documentation from the governing body approving this Corrective Action Plan (Required)**
☒ Attachment – 2a	**An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 60% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 10% of governmental fund revenues, as defined by the Act. (Required)**
☒ Attachment – 3a	Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).
☒ Attachment – 4a	Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)
☐ Attachment – 5a	A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio
☒ Attachment –6a	Other documentation not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the Corrective Action Plan Development: Best Practices and Strategies document.

Corrective Action Plan Criteria	Description
☒ Underfunded Status	Is there a description and adequate supporting documentation of how and when the retirement system will reach the 60% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all pension systems will be less than 10 percent of governmental fund revenues?
☒ Reasonable Timeframe	Do the corrective actions address the underfunded status in a reasonable timeframe (see CAP criteria issued by the Board)?
☒ Legal and Feasible	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
☒ Affordability	Do the corrective action(s) listed allow the local unit to make the annual required contribution payment for the pension system now and into the future without additional changes to this corrective action plan?

8. LOCAL UNIT OF GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN

I Randall S. Fernandez, as the government's administrative officer *(enter title)* City Manager (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

☒ The Police Officers & Firefighters Retirement Sy **(Insert Retirement Pension System Name)** will achieve a funded status of at least 60% by Fiscal Year 2028 as demonstrated by required supporting documentation listed in section 6.

OR, if the local unit is a city, village, township, or county:

☐ The ARC for all of the defined benefit pension retirement systems of _____ **(Insert local unit name)** will be less than 10% of the local unit of government's annual governmental fund revenues by Fiscal Year _____ as demonstrated by required supporting documentation listed in section 6.

Signature _____ Date 11/12/18

City of Marysville - 742030

Form 5598

Protecting Local Government Retirement and Benefits Act

Corrective Action Plan

Defined Benefit Pension System – Police Officers and Firefighters Retirement System

Part 3 – Descriptions of Prior Actions

Additional Funding (attachment 3a)

The City of Marysville provided a lump sum payment of $413,125 to the Police Officers and Firefighters Retirement System for the fiscal year ending June 30, 2018. This is in addition to the actuarially determined contribution (ADC). This can be seen on Attachment 3a - Schedule of City Contributions from the Actuarial Information for GASB Statement 67/68.

Other Considerations (attachment 6a)

In fiscal year 2014 the pension board lowered the Assumed Rate of Return (ARR) from 8.0% to 7.75% and closed the amortization period at 30 years - reducing one year annually. The currently amortization period is 26 years.

In fiscal year 2017 the ARR was reduced from 7.75% to 7.50% and the mortality tables were changed from the RP2000 Combined Healthy Mortality Table to the RP2000 Combined Healthy Mortality Table Projected to 2014.

Documentation of these changes can be seen in attachment 6a.

Part 4 – Description of Prospective Actions

System Design Changes (attachment 2a)

Contract negotiations will begin in early 2019 for the Police Officers Association Collective Bargaining Agreement and the Marysville Professional Fire Fighters Local 1635 Collective Bargaining Agreement which both expire on June 30, 2019. All options will be on the table including but not limited to lowering the system's multiplier for current employees from 2.5% to a lesser amount; employees contributing more than the 8% they already contribute; change in Final Average Compensation (FAC) calculations; and raising the vesting period. The City will also be seeking to limit defined benefit options for newly hired employees including but not limited to multipliers; retirement age; vesting periods; offering a hybrid plan. At this time the City of Marysville cannot determine the outcome of these negotiations. The timeframe for reaching 60% funded could be moved up anywhere from one to four years. The City also cannot determine how the stock market will increase/decline in the years ahead. Regardless of how these negotiations go or how the stock market rises/falls, the City of Marysville is committed to the goal of getting the funded ratio to at least 60% by the year 2028.

Additional Funding (attachment 4a)

The City of Marysville Council has approved an additional lump sum contribution for FY2019 of at least $425,000 in addition to the actuarially determined contribution (ARC). The FY2019 ARC is $805,551 which will bring the total contribution in FY2019 to $1,230,551. The additional contribution can be seen on attachment 4a – General Appropriations Act Fiscal Year 2018-2019 and page 13 of the budget. This shows and additional pension contribution of $693,092 which will be allocated between the Police Officers and Firefighters Retirement System and the City General Employees Retirement System. The City of Marysville is committed to providing additional contributions as long as necessary to obtain and maintain the 60% and higher funded ratio.

Attachment 1A

City of Marysville, St. Clair County, Michigan
RESOLUTION

Approving and authorizing the submission of a Corrective Action Plan, Defined Benefits Pension Retirement Systems for the Police Officers and Firefighters Retirement System, to the Michigan Department of Treasury

Minutes of a regular meeting of the City Council of the City of Marysville, County of St. Clair, State of Michigan, held on November 12, 2018 in the Joseph S. Johns Council Chambers at 7:30 o'clock p.m. local time.

PRESENT: Mayor Damman, Mayor Pro-Tem Hayman, Council Members Barber, Shirkey, Hendricks, Badley and Wessel
ABSENT: None

The following preamble and resolution were offered by Council Member Hendricks, and supported by Council Member Barber.

WHEREAS, on April 9, 2018, the Marysville City Council approved and authorized the submission of an Application for Waiver and Plan, Defined Benefit Pension Retirement Systems for the Police Officers and Firefighters Retirement System, to the Michigan Department of Treasury; and

WHEREAS, upon review by the Michigan Department of Treasury the submitted retirement waiver application has been denied and as a result the City has been determined to be in underfunded status as defined by MCL 38.2803, Section 3 of Public Act 202 of 2017; and

WHEREAS, in accordance with the Act, an underfunded local unit of government shall develop and submit for approval a Corrective Action Plan for the local unit of government; and

WHEREAS, the local unit of government has 180 days from the date of notification to submit a Corrective Action Plan to the Municipal Stability Board and the City of Marysville must submit this corrective action plan no later than November 13, 2018; and

WHEREAS, the Corrective Action Plan must be approved by the local government's administrative officer and its governing body.

NOW, THEREFORE BE IT RESOLVED, that the Marysville City Council does hereby approve and authorize the submission to the Michigan Department of Treasury the attached Corrective Action Plan: Defined Benefit Pension Retirement Systems for the Police Officers and Firefighters Retirement System and authorizes the City Manager, Randall S. Fernandez to execute the necessary documents.

YES: Mayor Pro-Tem Hayman, Council Members Barber, Shirkey, Hendricks, Badley and Wessel
NO: Mayor Damman

RESOLUTION DECLARED ADOPTED ON NOVEMBER 12, 2018.

Renae Warnke
Renae Warnke, City Clerk

Attachment 1A
Con't.

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Marysville City Council St. Clair County, Michigan, at a Regular Meeting held on the 12th day of November 2018, and that said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and the minutes of said meeting were kept and will be or have been made available as required by said Act.

Renae Warnke

Renae Warnke, City Clerk

Attachment 2A

Attachment 2a
Internally developed analysis which illustrates how and when the local unit will reach the 60% funded ratio.

	Fiscal Year	Fiduciary Net Position	Additional Contribution	Projected Position	Actuarial Accrued Liabilities	Total Pension Liability
	2018	*13,265,339*			*25,504,045*	*52.01%*
Current Yr	2019	13,477,827	425,000	13,902,827	26,111,603	53.24%
1	2020	13,855,484	425,000	14,327,827	26,765,797	53.53%
2	2021	14,304,824	425,000	14,752,827	27,474,744	53.70%
3	2022	14,529,717	425,000	15,177,827	27,946,811	54.31%
4	2023	14,736,747	425,000	15,602,827	28,379,652	54.98%
5	2024	14,763,038	425,000	16,027,827	28,611,145	56.02%
6	2025	14,849,658	425,000	16,452,827	28,871,231	56.99%
7	2026	15,006,888	425,000	16,877,827	29,165,392	57.87%
8	2027	14,976,953	425,000	17,302,827	29,238,446	59.18%
9	**2028**	**15,019,257** *	**425,000**	**17,727,827**	**29,335,995** **	**60.43%**

***From Table 1 - Projection of Total Contributions of the Actuarial Information for GASB Statements 67/68 (attached)**
****From Table 2: projection of the Pension Plan's Fiduciary Net Position (attached)**

Attachment 2A
Cont.

Table 1
Projection of Total Contributions*
Assuming 26 Year Closed Amortization of UAAL

Year Beg. 7/1	Projected Entry Age AAL	Projected Funding Value of Assets	UAAL	26 Year Closed Amortization	Projected Employer Normal Cost	Employer Contribution	Employee Contribution	Total Contributions
2018	$25,504,045	$14,770,125	$10,733,920	$615,660	$189,891	$805,551	$152,866	$958,417
2019	26,111,603	13,477,827	12,633,776	742,953	209,474	952,427	155,318	1,107,745
2020	26,765,797	13,855,484	12,910,313	779,591	213,489	993,080	158,125	1,151,205
2021	27,474,744	14,304,824	13,169,920	817,959	167,580	985,539	129,913	1,115,452
2022	27,946,811	14,529,717	13,417,094	858,635	157,813	1,016,448	123,543	1,139,991
2023	28,379,652	14,736,747	13,642,905	901,401	124,799	1,026,200	101,733	1,127,933
2024	28,611,145	14,763,038	13,848,107	946,695	127,370	1,074,065	103,852	1,177,917
2025	28,871,231	14,849,658	14,021,573	994,199	130,235	1,124,434	106,207	1,230,641
2026	29,165,392	15,006,888	14,158,504	1,044,038	100,020	1,144,058	83,729	1,227,787
2027	29,238,446	14,976,953	14,261,493	1,096,958	102,399	1,199,357	85,747	1,285,104
2028	29,335,995	15,019,257	14,316,738	1,152,555	88,079	1,240,634	68,944	1,309,578
2029	29,245,968	14,920,491	14,325,477	1,211,657	90,410	1,302,067	70,745	1,372,812
2030	29,175,909	14,903,342	14,272,567	1,273,858	84,022	1,357,880	63,279	1,421,159
2031	29,022,738	14,868,895	14,153,843	1,339,751	86,420	1,426,171	65,066	1,491,237
2032	28,890,185	14,933,579	13,956,606	1,409,283	76,188	1,485,471	58,764	1,544,235
2033	28,703,449	15,030,288	13,673,161	1,483,007	48,384	1,531,391	40,329	1,571,720
2034	28,325,275	15,028,558	13,296,717	1,561,850	49,826	1,611,676	41,526	1,653,202
2035	27,956,686	15,148,127	12,808,559	1,645,664	51,341	1,697,005	42,785	1,739,790
2036	27,602,018	15,407,045	12,194,973	1,735,095	22,986	1,758,081	15,659	1,773,740
2037	26,936,095	15,484,167	11,451,928	1,832,831	7,390	1,840,221	6,732	1,846,953
2038	26,159,260	15,606,661	10,552,599	1,939,189	7,602	1,946,791	6,925	1,953,716
2039	25,369,710	15,896,516	9,473,194	2,055,742	7,837	2,063,579	7,139	2,070,718
2040	24,569,424	16,379,935	8,189,489	2,185,898	8,081	2,193,979	7,362	2,201,341
2041	23,760,810	17,088,924	6,671,886	2,336,209	8,336	2,344,545	7,594	2,352,139
2042	22,945,897	18,064,096	4,881,801	2,522,586	8,602	2,531,188	7,835	2,539,023

Attachment 2A
con't.

Table 2: Projection of the Pension Plan's Fiduciary Net Position

Year Beg. 7/1	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions* (b)	Projected Benefit Payments** (c)	Projected Administrative Expense*** (d)	Projected Investment Earnings**** (e)	Projected Fiduciary Ending Net Position (a)+(b)+(c)+(d)+(e)
2018	$13,265,339	$958,417	$(1,690,941)	$(21,608)	$966,620	$13,477,827
2019	13,477,827	1,107,745	(1,696,326)	(21,713)	987,951	13,855,484
2020	13,855,484	1,151,205	(1,697,973)	(21,734)	1,017,842	14,304,824
2021	14,304,824	1,115,452	(1,908,344)	(24,427)	1,042,212	14,529,717
2022	14,529,717	1,139,991	(1,965,625)	(25,160)	1,057,824	14,736,747
2023	14,736,747	1,127,933	(2,140,501)	(27,398)	1,066,257	14,763,038
2024	14,763,038	1,177,917	(2,134,316)	(27,319)	1,070,338	14,849,658
2025	14,849,658	1,230,641	(2,125,358)	(27,205)	1,079,152	15,006,888
2026	15,006,888	1,227,787	(2,311,883)	(29,592)	1,083,753	14,976,953
2027	14,976,953	1,285,104	(2,297,591)	(29,409)	1,084,200	15,019,257
2028	15,019,257	1,309,578	(2,459,028)	(31,476)	1,082,160	14,920,491
2029	14,920,491	1,372,812	(2,436,741)	(31,190)	1,077,970	14,903,342
2030	14,903,342	1,421,159	(2,499,715)	(31,996)	1,076,105	14,868,895
2031	14,868,895	1,491,237	(2,472,108)	(31,643)	1,077,198	14,933,579
2032	14,933,579	1,544,235	(2,498,575)	(31,982)	1,083,031	15,030,288
2033	15,030,288	1,571,720	(2,626,297)	(33,617)	1,086,464	15,028,558
2034	15,028,558	1,653,202	(2,591,190)	(33,167)	1,090,724	15,148,127
2035	15,148,127	1,739,790	(2,552,603)	(32,673)	1,104,404	15,407,045
2036	15,407,045	1,773,740	(2,777,615)	(35,553)	1,116,550	15,484,167
2037	15,484,167	1,846,953	(2,812,227)	(35,997)	1,123,765	15,606,661
2038	15,606,661	1,953,716	(2,767,111)	(35,419)	1,138,669	15,896,516
2039	15,896,516	2,070,718	(2,719,113)	(34,805)	1,166,619	16,379,935
2040	16,379,935	2,201,341	(2,667,921)	(34,149)	1,209,718	17,088,924
2041	17,088,924	2,352,139	(2,614,098)	(33,460)	1,270,591	18,064,096
2042	18,064,096	2,539,023	(2,557,500)	(32,736)	1,352,887	19,365,770

Attachment 2A
Con't.

Items for negotiation – July 1, 2019 Bargaining Agreements

Current Employees

- Reduced multiplier (currently 2.5%)
- Increase employee contribution (currently 8%)
- Change Final Average Compensation (FAC) calculations
- Raise the vesting period
- ???

New Employees

- All of the above
- Hybrid plan
- ???

Attachment 3 A

SCHEDULE OF CITY CONTRIBUTIONS
LAST 10 FISCAL YEARS
Year Ended June 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	$760,944	$635,516	$575,476	$583,247	$544,898	$571,900	$524,243	$585,213	$580,811	$491,172
Contributions in relation to the actuarially determined contribution	1,174,069	635,516	575,476	583,247	544,898	571,900	524,243	585,213	580,811	491,172
Contribution excess (deficiency)	$413,125	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered employee payroll	$1,941,086	$1,775,066	$1,775,066	$1,775,066	$1,766,882	$1,918,654	$1,908,243	$1,876,414	$1,823,285	$1,882,693
Actuarially determined contributions as a percentage of covered employee payroll	39.2%	35.80%	32.42%	32.86%	30.84%	29.81%	27.47%	31.19%	31.86%	26.09%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of the June 30, the year prior to the end of the fiscal year in which contributions are reported. Covered employee payroll is as of June 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	4 years smoothed market
Inflation	3.00%
Salary increases	4.0%, including inflation
Investment rate of return	7.75% (7.50% beginning with the 2017 valuation), net of pension plan investment expense, including inflation
Mortality Table	RP 2000 Combined Healthy Mortality Table (RP 2000 projected to 2014 beginning with the 2017 valuation)

Attachment 4A

Revised (F)

May 29, 2018

TO: RANDALL S. FERNANDEZ \ CITY MANAGER

FROM: RENAE WARNKE \ FINANCE DIRECTOR

SUBJECT: GENERAL APPROPRIATIONS ACT - FISCAL YEAR 2018-2019

MOVED, SUPPORTED AND CARRIED THAT THE GENERAL APPROPRIATIONS ACT FOR FISCAL YEAR 2018-2019, AS PRESENTED IN ITEMS (A) THROUGH (S) BE ADOPTED.

A) THAT THE GENERAL FUND OPERATING MILLAGE RATE FOR THE FISCAL YEAR 2018-2019 BE SET AT 16.11 MILLS WITH A TAXABLE VALUATION OF $367,284,768 PLUS A 1% ADMINSTRATION FEE AND A FLAT REFUSE FEE INCREASED BY $35 FOR A TOTAL AMOUNT BILLED OF $85.00 ANNUALLY PER UNIT FOR A COLLECTION OF APPROXIMATELY $323,000 ON RESIDENTIAL WATER/SEWER BILLING.

B) THAT THE GENERAL FUND OPERATIONS BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $8,627,741 AS PRESENTED, INCLUDING THE ANTICIPATED ADDITION TO FUND BALANCE AND EXTEND THE COMMITTED AMOUNTS OF $204,000 FOR CITY HALL CAPITAL PROJECT PURPOSES, $693,092 FOR ADDITIONAL PENSION CONTRIBUTIONS, AND AN AMOUNT APPROPRIATE FOR TAX TRIBUNAL PURPOSES. BE AND THE SAME IS HEREBY APPROVED AND ORDERED BY THIS COUNCIL AND THE CLERK IS HEREBY INSTRUCTED TO CERTIFY THIS SAME FIGURE TO THE CITY TREASURER AND IT SHALL BE LEVIED AND COLLECTED UPON THE TAXABLE VALUATION OF PROPERTY WITHIN THE CITY. THE FOLLOWING IS A BREAKDOWN

1) LEGISLATIVE		*$21,042*
2) GENERAL GOVERNMENT		
a) CITY MANAGER'S OFFICE		193,244
b) ELECTIONS		20,151
c) ASSESSING, CLERK, TREASURER		415,912
d) BOARD OF REVIEW		1,825
e) CEMETERY		161,100
f) COMMUNITY DEVELOPMENT		32,222
g) GENERAL ADMINISTRATION		342,315
	TOTAL	*$1,166,769*
3) PUBLIC SAFETY		
a) POLICE		1,794,961
b) FIRE		1,403,054
c) EMERGENCY MANAGEMENT		19,372
d) BUILDING INSPECTIONS		155,755
	TOTAL	*$3,373,142*
4) PUBLIC WORKS		
a) DPW		704,865
b) STREET LIGHTING		161,200
c) DIAL A RIDE		94,400
d) CONTRACTUAL TRASH		645,000
	TOTAL	*$1,605,465*
5) RECREATIONAL AND CULTURAL		
a) BEAUTIFICATION		16,145
b) PARKS		290,538
c) LIBRARY		13,188
d) HISTORICAL		4,663
	TOTAL	*$324,534*
6) PENSION		*$1,945,565*

7) EQUIPMENT/CAPITAL OUTLAY *$61,000*

8) TRANSFERS IN (OUT) *(130,224)*

C) THAT THE CEMETERY BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $15,500 AS PRESENTED, INCLUDING USE OF ANTICIPATED FUND BALANCE.

D) THAT THE MAJOR STREET BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $1,170,783 AS PRESENTED, INCLUDING USE OF ANTICIPATED FUND BALANCE.

E) THAT THE LOCAL STREET BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $819,801 AS PRESENTED, INCLUDING USE OF ANTICIPATED FUND BALANCE.

F) THAT THE AMBULANCE FUND BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $172,000 AS PRESENTED, AND EXTEND THE COMMITTED NET FUND BALANCES FOR PURPOSES OF EQUIPMENT REPLACEMENT.

G) THAT THE LAW ENFORCEMENT BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $11,350 AS PRESENTED, INCLUDING USE OF ANTICIPATED FUND BALANCE.

H) THAT THE MOTOR VEHICLE HIGHWAY FUND BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $7,282 AS PRESENTED AND EXTEND COMMITTED NET FUND BALANCE FOR PURPOSES OF ROAD REPAIR AND/OR REPLACEMENT.

I) THAT THE BUILDING AUTHORITY BOND DEBT FUND BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $218,126.

J) THAT THE CAPITAL IMPROVEMENT FUND BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $2,063,466 AS PRESENTED, INCLUDING USE OF ANTICIPATED FUND BALANCE.

K) THAT THE INDUSTRIAL DEVELOPMENT FUND BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $20,000 AS PRESENTED, INCLUDING USE OF ANTICIPATED FUND BALANCE.

L) THAT THE GOLF COURSE BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $657,117 AS PRESENTED AND THE GOLF COURSE FUND BE MOVED FRM AN ENTERPRISE FUND TO A GOVERNMENTAL FUND. (Amended 7/23/18)

M) THAT THE WATER OPERATING AND MAINTENANCE BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $2,784,481 AS PRESENTED INCLUDING 2% INTEREST ON GENERAL FUND LOAN, ALSO INCLUDING THE USE OF ANTICIPATED FUND BALANCE AND TO REPAY A PORTION OF THE PRINCIPAL ON GENERAL FUND LOAN AS FUNDS ARE AVAILABLE.

N) THAT THE HEALTHCARE FUND BUDGET FOR FISCAL YEAR 2018-2019 WILL BE SET AT $897,800 AS PRESENTED AND EXTEND COMMITTED NET FUND BALANCE FOR PURPOSES OF HEALTHCARE COSTS.

O) THAT THE MOTOR POOL FUND BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $642,655 AS PRESENTED, INCLUDING THE USE OF ANTICIPATED FUND BALANCE FOR CAPITAL REPLACEMENT PURPOSES.

P) THAT THE RECREATION DEPARTMENT BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $265,393 AS PRESENTED, AND EXTEND THE COMMITTED DISPOSABLE FUND BALANCE FOR CAPITAL PROJECT PURPOSES.

Q) THAT THE WASTEWATER TREATMENT FACILITY BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $2,588,687 AS PRESENTED, AND EXTEND THE COMMITTED AMOUNT APPROPRIATE FOR CAPITAL REPLACEMENT NEEDS.

R) THAT THE GO BOND DEBT BUDGET FOR FISCAL YEAR 2018-2019 BE SET AT $105,324 AS PRESENTED.

S) THAT UPON APPROVAL BY THE CITY MANAGER, TRANSFER MAY BE MADE BETWEEN THE GENERAL ELEMENTS, NOT TO EXCEED $5,000. ALSO, THE EARLY RELEASE OF CHECKS FOR PURPOSES OF AVOIDING ANY PENALTIES OR TO UTILIZE DISCOUNTS IS ALSO AUTHORIZED; PROVIDED, HOWEVER, THAT ALL EARLY DISBURSEMENTS SO MADE SHALL BE APPROVED BY COUNCIL AS PART OF THEIR NORMAL APPROVAL FOR ALL OTHER BILLS AND DISBURSEMENTS.

FOR THE DETAILS OF VALUES OF EACH GENERAL ELEMENT OF REVENUE AND/OR EXPENDITURE SEE THE 2018-2019 BUDGET OUTLINE. THE SUPPLEMENTAL VALUES ARE NOT INTENDED TO BE APPROPRIATIONS BUT ARE INTENDED TO BE ALLOTMENTS OF APPROPRIATIONS AS CONTEMPLATED BY SECTION 18(2) OF THE UNIFORM BUDGETING AND ACCOUNTING ACT AND ARE TO BE USED FOR GUIDELINE PURPOSES ONLY.

Attachment 4A
Con't.

2018-2019 BUDGET

GENERAL FUND SUPPLEMENTAL EXPENDITURES LIST

ACCOUNT	DESCRIPTION	BUDGET
Library		
101-790-706.000	PAYROLL	6,700
101-790-715.000	EMPLOYMENT TAXES	513
101-790-724.000	UNEMPLOYMENT	75
101-790-757.000	OPERATING SUPPLIES	1,000
101-790-853.000	TELEPHONE	1,900
101-790-921.000	ELECTRICITY	11,000
101-790-923.000	NATURAL GAS	2,300
101-790-931.000	BUILDING MAINTENANCE	15,000
101-790-943.000	MOTOR POOL RENTAL	3,300
101-790-956.000	MEMBERSHIPS/PUBLICATIONS	400
	Less reimbursement from County Library System	(29,000)
	Subtotal	***13,188***
Historical		
101-803-706.000	PAYROLL - BLDG MAINTENANCE	2,100
101-803-715.000	EMPLOYMENT TAXES	153
101-803-724.000	UNEMPLOYMENT	10
101-803.757.000	OPERATING SUPPLIES	100
101-803-921.000	ELECTRCITY	500
101-803-931.000	BUILDING MAINT./EQUIPMENT RENTAL	100
101-803-933.001	WILLS STE. CLAIRE	600
101-803-943.000	EQUIPMENT RENTAL (MP)	1,100
	Subtotal	***4,663***
	RECREATIONAL & CULTURAL TOTAL	**324,534**
PENSION		
Employer Contributions		
101-94X-716.003	MEDICARE SUBSIDY	14,600
101-943-870.000	CITY GENERAL RETIREMENT	424,089
101-944-870.000	P & F RETIREMENT	791,382
101-943-890.XXX	ADDITIONAL PENSION CONTRIBUTION	693,092
101-94X-895.XXX	RETIREE HEALTHCARE 457 CONTRIBUTION	22,402
	Subtotal	***1,945,565***
	PENSION TOTAL	**1,945,565**

Benefit Provision Changes

There were no benefit changes included in this valuation.

Assumption and Method Changes

This valuation includes the following changes as adopted by the Retirement Board:

The assumed rate of investment return was reduced from 8.0% to 7.75%.

The amortization period for unfunded actuarial accrued liability was extended to 30 years (closed) from the current 20 year (open) period.

Participant Data

	06/30/2014	06/30/2013
Active Members	22	24
Active Member Payroll	$1,766,882	$1,918,654
Retirees and Beneficiaries	31	28
Annual Pensions	$1,468,557	$1,285,320

Financial Data

	06/30/2014	06/30/2013
Funding Value of Assets	$15,308,292	$14,804,132
Market Value of Assets	15,795,224	14,411,577

Benefit Provision Changes

There were no benefit changes included in this valuation.

Assumption and Method Changes

The mortality table was changed from the RP 2000 Combined Healthy Mortality table to the RB 2000 Combined Healthy Mortality Table Projected to 2014. In addition, the assumed rate of investment return was changed from 7.75% to 7.50%.

Participant Data

	06/30/2017	06/30/2016
Active Members	23	23
Active Member Payroll	$1,871,942	$1,863,138
Retirees and Beneficiaries	33	31
Annual Pensions	$1,584,392	$1,504,657

Financial Data

	06/30/2017	06/30/2016
Funding Value of Assets	$14,620,289	$14,874,871
Market Value of Assets	12,771,017	12,585,051

Attachment 6A
Con't.

TWO YEAR COMPARISON

	% Funded		
FUND	FY17	FY18	Increase
Retiree Healthcare Fund	58.88%	59.97%	1.09%
General Employees Retirement	58.97%	62.18%	3.21%
Police Officers and Firefighters Retirement	51.21%	52.01%	0.80%