



# **GASB 74/75 INTERIM ACTUARIAL VALUATION**

## **Fiscal Year Ending December 31, 2022**

# **CHARTER TOWNSHIP OF YPSILANTI FIRE OPEB PLAN**

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**April 24, 2023**

**Javonna Neal**

**Charter Township of Ypsilanti Fire OPEB Plan**

**7200 S Huron River Drive**

**Ypsilanti, MI 48197**

This report summarizes the interim GASB actuarial valuation for the Charter Township of Ypsilanti Fire OPEB Plan 2022 fiscal year . To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No . 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). This report may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above . Failure to do so may result in misrepresentation or misinterpretation of this report.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor . Asset information has been provided to us by the trustee. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based . When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement . We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart . In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan . All calculations have been made in accordance with generally accepted actuarial principles and practice .

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors 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.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement .

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

Should you have any questions please do not hesitate to contact us.



John Lee, FSA, MAAA  
Actuary



Nisha Sundi, FSA, MAAA  
Actuary

# Executive Summary

## Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

### Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending December 31, 2022 compared to the prior fiscal year as shown in the Township's Notes to Financial Statement.

	As of December 31, 2021	As of December 31, 2022
<b>Total OPEB Liability</b>	\$ 11,061,385	\$ 10,403,169
<b>Actuarial Value of Assets</b>	\$ (9,412,021)	\$ (7,101,379)
<b>Net OPEB Liability</b>	\$ 1,649,365	\$ 3,301,790
<b>Funded Ratio</b>	85.1%	68.3%

	FY 2021	FY 2022
<b>OPEB Expense</b>	\$ (1,228,815)	\$ (979,936)
<b>Annual Employer Contributions</b>	\$ 700,000	\$ 642,476
<b>Actuarially Determined Contribution</b>	\$ 648,118	\$ 669,242

	As of December 31, 2021	As of December 31, 2022
<b>Discount Rate</b>	6.50%	6.50%
<b>Expected Return on Assets</b>	6.50%	6.50%

# GASB Disclosures

Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

## Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2022		FY 2021		FY 2020		FY 2019		FY 2018	
Total OPEB Liability										
Total OPEB Liability - beginning of year	\$	11,061,385	\$	12,624,186	\$	13,926,904	\$	14,972,552	\$	14,535,293
Service cost		97,135		141,708		150,240		142,749		137,922
Interest		703,896		809,050		892,682		959,584		931,661
Change of benefit terms		0		0		0		0		0
Changes in assumptions		0		127,970		0		720,691		0
Differences between expected and actual experience		(790,005)		(1,993,411)		(1,647,513)		(2,152,449)		58,494
Benefit payments		(669,242)		(648,118)		(698,127)		(716,223)		(690,818)
Net change in total OPEB liability	\$	(658,216)	\$	(1,562,801)	\$	(1,302,718)	\$	(1,045,648)	\$	437,259
Total OPEB Liability - end of year	\$	10,403,169	\$	11,061,385	\$	12,624,186	\$	13,926,904	\$	14,972,552
Plan Fiduciary Net Position										
Plan fiduciary net position - beginning of year	\$	9,412,021	\$	8,544,128	\$	6,948,607	\$	5,569,548	\$	5,994,833
Contributions - employer		642,476		700,000		753,617		767,327		625,958
Contributions - active employees		53,115		49,275		43,841		48,742		50,783
Net investment income		(2,307,307)		786,722		1,520,190		1,300,333		(363,106)
Benefit payments		(669,242)		(648,118)		(698,127)		(716,223)		(690,818)
Trust administrative expenses		(29,684)		(19,986)		(24,000)		(21,120)		(48,102)
Net change in plan fiduciary net position	\$	(2,310,642)	\$	867,892	\$	1,595,521	\$	1,379,059	\$	(425,285)
Plan fiduciary net position - end of year	\$	7,101,379	\$	9,412,021	\$	8,544,128	\$	6,948,607	\$	5,569,548
Net OPEB Liability - end of year	\$	3,301,790	\$	1,649,365	\$	4,080,058	\$	6,978,297	\$	9,403,004
Plan fiduciary net position as % of total OPEB liability		68.3%		85.1%		67.7%		49.9%		37.2%
Covered employee payroll	\$	2,047,093	\$	2,084,653	\$	2,255,552	\$	2,163,061	\$	1,476,413
Net OPEB liability as % of covered payroll		161.3%		79.1%		180.9%		322.6%		636.9%

# GASB Disclosures

Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

## Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)

OPEB Liability	FY 2017
<b>Total OPEB Liability</b>	
Total OPEB Liability - beginning of year	\$ 12,288,750
Service cost	138,294
Interest	842,858
Change of benefit terms	0
Changes in assumptions	1,730,520
Differences between expected and actual experience	169,008
Benefit payments	(634,137)
Net change in total OPEB liability	\$ 2,246,543
Total OPEB Liability - end of year	\$ 14,535,293
<b>Plan Fiduciary Net Position</b>	
Plan fiduciary net position - beginning of year	\$ 5,231,243
Contributions - employer	629,226
Contributions - active employees	52,989
Net investment income	715,512
Benefit payments	(634,137)
Trust administrative expenses	0
Net change in plan fiduciary net position	\$ 763,590
Plan fiduciary net position - end of year	\$ 5,994,833
<b>Net OPEB Liability - end of year</b>	<b>\$ 8,540,460</b>
Plan fiduciary net position as % of total OPEB liability	41.2%
Covered employee payroll	\$ 1,433,411
Net OPEB liability as % of covered payroll	595.8%

# GASB Disclosures

## Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

### Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the Township's financial statements.

	FY 2022		FY 2021		FY 2020		FY 2019		FY 2018
Actuarially Determined Contribution (ADC)	\$	669,242	\$	648,118	\$	698,127	\$	910,801	\$ 826,049
Contributions in relation to the ADC		642,476		700,000		753,617		767,327	826,049
Contribution deficiency/(excess)	\$	26,766	\$	(51,882)	\$	(55,490)	\$	143,474	\$ 0
Covered employee payroll	\$	2,047,093	\$	2,084,653	\$	2,255,552	\$	2,163,061	\$ 1,476,413
Contribution as a % of covered payroll		31.4%		33.6%		33.4%		35.5%	55.9%
	FY 2017		FY 2016		FY 2015		FY 2014		FY 2013
Actuarially Determined Contribution (ADC)	\$	629,226	\$	587,148	\$	590,744	\$	487,768	\$ 684,431
Contributions in relation to the ADC		629,226		587,148		590,744		487,768	684,431
Contribution deficiency/(excess)	\$	0	\$	0	\$	0	\$	0	\$ 0
Covered employee payroll	\$	1,433,411		N/A		N/A		N/A	N/A
Contribution as a % of covered payroll		43.9%		N/A		N/A		N/A	N/A



# GASB Disclosures

Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

## OPEB Expense

OPEB Expense	FY 2022		FY 2021	
Discount Rate				
Beginning of year	6.50%		6.50%	
End of year	6.50%		6.50%	
Service cost	\$	97,135	\$	141,708
Interest		703,896		809,050
Change of benefit terms		0		0
Projected earnings on OPEB plan investments		(611,675)		(557,965)
Reduction for contributions from active employees		(53,115)		(49,275)
OPEB plan administrative expenses		29,684		19,986
Current period recognition of deferred outflows / (inflows) of resources				
Differences between expected and actual experience	\$	(1,645,845)	\$	(1,433,721)
Changes in assumptions		212,165		212,166
Net difference between projected and actual earnings on OPEB plan investments		287,819		(370,765)
Total current period recognition	\$	(1,145,861)	\$	(1,592,320)
Total OPEB expense	\$	(979,936)	\$	(1,228,815)

# GASB Disclosures

## Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

### Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense :

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years . All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2022
December 31, 2017	\$ 169,008	4	\$ 0	\$ 0
December 31, 2018	\$ 58,494	4	\$ 0	\$ 0
December 31, 2019	\$ (2,152,449)	4	\$ (538,113)	\$ 0
December 31, 2020	\$ (1,647,513)	4	\$ (411,878)	\$ (411,879)
December 31, 2021	\$ (1,993,411)	4	\$ (498,353)	\$ (996,705)
December 31, 2022	\$ (790,005)	4	\$ (197,501)	\$ (592,504)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2022
December 31, 2017	\$ 1,730,520	4	\$ 0	\$ 0
December 31, 2018	\$ 0	4	\$ 0	\$ 0
December 31, 2019	\$ 720,691	4	\$ 180,172	\$ 0
December 31, 2020	\$ 0	4	\$ 0	\$ 0
December 31, 2021	\$ 127,970	4	\$ 31,993	\$ 63,984
December 31, 2022	\$ 0	4	\$ 0	\$ 0

# GASB Disclosures

Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

## Deferred Outflows / (Inflows) of Resources (Continued)

Net Difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of December 31, 2022
December 31, 2018	\$ 750,781	5	\$ 150,157	\$ 0
December 31, 2019	\$ (935,794)	5	\$ (187,159)	\$ (187,158)
December 31, 2020	\$ (1,066,121)	5	\$ (213,224)	\$ (426,449)
December 31, 2021	\$ (228,757)	5	\$ (45,751)	\$ (137,255)
December 31, 2022	\$ 2,918,982	5	\$ 583,796	\$ 2,335,186

As of fiscal year ending December 31, 2022	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 0	\$ (2,001,088)
Changes in assumptions	63,984	0
Net difference between projected and actual earnings in OPEB plan investments	1,584,324	0
<b>Total</b>	<b>\$ 1,648,308</b>	<b>\$ (2,001,088)</b>

## Annual Amortization of Deferred Outflows / (Inflows)

The balances as of December 31, 2022 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2023	\$ (938,077)
2024	\$ (339,042)
2025	\$ 340,541
2026	\$ 583,798
2027	\$ 0
Thereafter	\$ 0

# GASB Disclosures

## Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

### Sensitivity Results

The following presents the Net OPEB Liability as of December 31, 2022, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 6.50%.
- The 1% decrease in discount rate would be 5.50%.
- The 1% increase in discount rate would be 7.50%.

As of December 31, 2022	Net OPEB Liability
1% Decrease	\$ 4,413,701
Current Discount Rate	\$ 3,301,790
1% Increase	\$ 2,373,693

The following presents the Net OPEB Liability as of December 31, 2022, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 7.00%, decreasing to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 6.00%, decreasing to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 8.00%, decreasing to an ultimate rate of 5.50%.

As of December 31, 2022	Net OPEB Liability
1% Decrease	\$ 2,285,890
Current Trend Rates	\$ 3,301,790
1% Increase	\$ 4,515,212

# GASB Disclosures

Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

## Asset Information

Asset Breakdown	FY 2021		FY 2022	
Assets				
Cash and deposits	\$	39,853	\$	153,982
Securities lending cash collateral		0		0
Total cash	\$	39,853	\$	153,982
Receivables				
Contributions	\$	0	\$	0
Accrued interest		0		11,211
Total receivables	\$	0	\$	11,211
Investments				
Fixed income	\$	3,919,386	\$	2,556,185
Equities		6,119,907		5,080,063
Mutual Funds		0		0
Total investments	\$	10,039,293	\$	7,636,249
Total Assets	\$	10,079,146	\$	7,801,442
Liabilities				
Payables				
Investment management fees	\$	667,126	\$	700,063
Securities lending expense		0		0
Total liabilities	\$	667,126	\$	700,063
Net Position Restricted to OPEB	\$	9,412,021	\$	7,101,379

# GASB Disclosures

Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

## Asset Information (Continued)

Asset Reconciliation	FY 2021	FY 2022
<b>Additions</b>		
Contributions Received		
Employer	\$ 700,000	\$ 642,476
Active employees	49,275	53,115
Total contributions	\$ 749,275	\$ 695,591
Investment Income		
Net increase in fair value of investments	\$ 395,354	\$ (2,022,338)
Interest and dividends	391,369	(284,969)
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 786,722	\$ (2,307,307)
Total additions	\$ 1,535,997	\$ (1,611,716)
<b>Deductions</b>		
Benefit payments	\$ 648,118	\$ 669,242
Administrative expenses	19,986	29,684
Other	0	0
Total deductions	\$ 668,105	\$ 698,926
Net increase in net position	\$ 867,892	\$ (2,310,642)
<b>Net position restricted to OPEB</b>		
Beginning of year	\$ 8,544,128	\$ 9,412,021
End of year	\$ 9,412,021	\$ 7,101,379

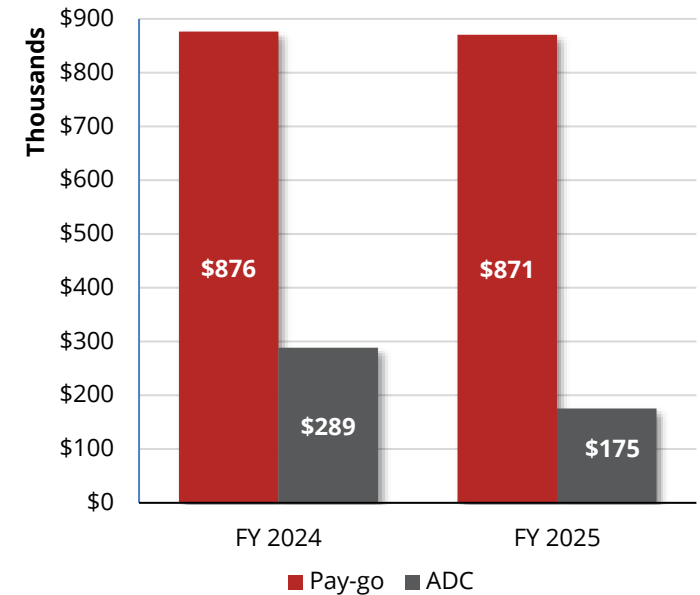
# Actuarially Determined Contributions

## Charter Township of Ypsilanti Fire OPEB Plan GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

The FY 2024 and 2025 Actuarially Determined Contribution (ADC) below was calculated using the current Actuarial Accrued Liability and Actuarial Value of Assets projected on a no gain/no loss basis to January 1, 2024 and January 1, 2025 using a 6.50% investment rate of return.

	FY 2024		FY 2025	
Discount rate	6.50%		6.50%	
Payroll growth factor used for amortization	N/A		N/A	
Actuarial cost method	Entry Age Normal	Level % of Salary	Entry Age Normal	Level % of Salary
Amortization type	Level Dollar		Level Dollar	
Amortization period	21 years		20 years	
Actuarial accrued liability (AAL) – beginning of year	\$	10,310,651	\$	9,538,236
Actuarial value of assets – beginning of year		(7,627,758)		(8,188,144)
Unfunded AAL – beginning of year	\$	2,682,893	\$	1,350,092
Normal Cost <sup>1</sup>	\$	47,704	\$	49,655
Amortization of UAAL		223,230		115,051
Total normal cost plus amortization	\$	270,934	\$	164,706
Interest to end of year		17,611		10,706
Actuarially Determined Contribution – Preliminary	\$	288,545	\$	175,412
Expected benefit payments	\$	876,468	\$	870,559
Member contributions <sup>2</sup>	\$	56,350	\$	58,040

### Cash vs Accrual Accounting



**Actuarially Determined Contribution (ADC)** is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services.

<sup>1</sup> The normal cost has been reduced for projected member contributions.

<sup>2</sup> Member contributions for FY 2024 and 2025 are estimated based on FY 2022 member payroll increased by 3.5% salary increase assumption.

# Discussion of Discount Rates

## Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

1. The long-term expected rate of return on OPEB plan investments is targeted to be 6.50%. This was determined based on a target asset allocation of 60% equity, 37% fixed income, and 3% cash.
2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Yield as of	January 1, 2022	December 31, 2022
Bond Buyer Go 20-Bond Municipal Bond Index	2.05%	3.72%
S&P Municipal Bond 20-Year High Grade Rate Index	2.25%	4.31%
Fidelity 20-Year Go Municipal Bond Index	1.84%	4.05%
Bond Index Range	1.84% - 2.25%	3.72% - 4.31%

3. The final equivalent discount rate used for this year's valuation is 6.50% as of December 31, 2022 and January 1, 2022, which is based on the expectation that the Township will continue to fully fund the Actuarially Determined Contribution (ADC).



# Actuarial Methods and Assumptions

## Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

For a complete summary of actuarial methods and assumptions, refer to the GASB 75 actuarial valuation report for the fiscal year ending December 31, 2021.

Measurement Date	For fiscal year ending December 31, 2022, a December 31, 2022 measurement date was used.
Actuarial Valuation Date	January 1, 2022 with results actuarially projected on a “no gain / no loss” basis to get to the December 31, 2022 measurement date. Liabilities as of January 1, 2022 are based on an actuarial valuation date of January 1, 2022 with no adjustments.
Discount Rate	6.50% as of December 31, 2022 and January 1, 2022 for accounting disclosure purposes. 6.50% for funding disclosure purposes (in calculating the Actuarially Determined Contribution) Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.
Payroll Growth	3.00% wage inflation plus merit and productivity increases are based on the Township’s prior actuary report. Sample rates are as shown below:

Age	Rates
20	3.50%
25	3.50%
30	3.10%
35	1.60%
40	0.70%
45	0.70%
50	0.70%
55	0.60%
60+	0.50%

Inflation Rate	3.00% per year
	The inflation rate is based on the current economic environment and future expectations.

# Actuarial Methods and Assumptions

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## Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

### Cost Method

Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

### Models

#### ProVal

Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is appropriate for performing this valuation.

#### HealthMAPS Manual

Rating manual developed by WTW. Aging factors are used to develop per capita costs by age for plans with limited credible exposure to develop plan-specific factors. We are not aware of any weakness or limitations in the factors and have determined they are appropriate for performing this valuation.

# Actuary's Notes

## Charter Township of Ypsilanti Fire OPEB Plan Interim GASB 74/75 Valuation for Fiscal Year Ending December 31, 2022

Interim year valuation results have been projected from the prior year's valuation with adjustments for actual premium increases from 2021/22 to 2022/23. Making this change resulted in a decrease in liabilities.

### Premium Rates

Same benefit options are available to retirees as active employees. All health plans are fully-inured and experience rated through Blue Cross Blue Shield. The monthly premiums effective January 1, 2023 are shown below:

Health Plan	1 Person	2 Person
Flex Blue PPO	\$ 732.71	\$ 1,758.50
Medicare Advantage Plan	\$ 334.79	\$ 669.58
Dental	1 Person	2 Person
Delta Dental	\$ 30.31	\$ 60.47
Vision	1 Person	2 Person
VSP	\$ 7.92	\$ 14.58

# Appendix

## Charter Township of Ypsilanti Fire OPEB Plan GASB Interim 74/75 Valuation for Fiscal Year Ending December 31, 2022

### PA 202 Uniform Assumption Disclosures

The information presented below is for the purposes of filing Form No. 5572 under PA 202 uniform assumption requirements. Per regulation, Form No. 5572 must be filed no later than six months after the end of the fiscal year. Governmental fund revenues are not shown below and should be determined by the Township. Refer to the Michigan Department of Treasury website for additional information.

Form 5572 Line	Description	Township
Line 28	Actuarial Value of Assets	\$ 7,101,379
Line 29	Actuarial Accrued Liability	\$ 10,888,207
Line 31	Actuarially Determined Contribution for FY 2022	\$ 241,302

Line 31 (Actuarially Determined Contribution) was calculated using level dollar amortization with a 6.50% discount rate. The amortization period is a closed, 29-year period with 23 years remaining in FY 2022.

Under PA 202 requirements, uniform assumption setting is mandated in reporting of liabilities, assets, and ADC. The following is a description of the PA 202 uniform assumption guidance and final assumption used for the Township for purposes of calculating the figures above.

Assumption	Uniform Assumption Guidance	Township Assumption
Investment Rate of Return	Maximum of 6.85%	6.50 % as of January 1, 2022 and 6.50% as of December 31, 2022 (for funding/ADC purposes)
Discount Rate	Blended discount rate calculated per GASB 74/75: <ul style="list-style-type: none"><li>Maximum of 6.85% where plan assets are sufficient to make projected benefit payments</li><li>Maximum of 2.16% for periods where assets are insufficient to make projected benefit payments</li></ul>	6.50% (for calculation of the OPEB liability)
Salary Increase	Minimum of 3.00% or based on actuarial experience study within the past 5 years	Same as the GASB 74/75 valuation
Mortality Table	A version of Pub-2010 with Scale MP-2020 generational mortality improvement or based on an actuarial experience study conducted within the past 5 years	Same as PA 202 uniform assumption
Amortization Period	Maximum closed period of 27 years for Retiree Health Care Systems	For FY 2022, 23 years on a closed period basis
Asset Valuation	Market Value as reported on Financial Statements	Market Value
Healthcare Inflation	Non-Medicare: 7.25% decreasing 0.25% per year to a 4.50% long-term rate Medicare: 5.50% decreasing 0.25% per year to a 4.50% long-term rate	Same as PA 202 uniform assumption