

Michigan Department of Treasury
Office of Revenue and Tax Analysis
PO Box 30722
Lansing MI 48909

RE: Compliance Form 5074 - Category 3 Unfunded Accrued Liability Plan for Charter Township of Ypsilanti

The Charter Township of Ypsilanti is pleased to submit form 5074 with the required documents per Public Act 59 Economic Vitality Incentive Program (EVIP) for category 3.

The Charter Township of Ypsilanti has chosen to track and display this data using Munetrix to make the information readily available to the public and other local units of government.

All documentation necessary to comply with the EVIP requirements are included with this letter, and we look forward to continue receiving these important funds from the State of Michigan.

Please contact me if you need any further information or clarification.

Sincerely,

Brenda L. Stumbo
Supervisor

Michigan Department of Treasury
(Recreated) 5074 (Rev 09-13)

Economic Vitality Incentive Program/County Incentive Program Certification of Unfunded Accrued Liability Plan

Issued under authority of 2013 Public Act 59. Filing is mandatory to qualify for payments.

Each city/village/township/county applying for Unfunded Accrued Liability Plan payments must:

1. Certify to the Michigan Department of Treasury (Treasury) that the local unit listed below has produced and made readily available to the public Unfunded Accrued Liability Plan. The plan shall be made available for public viewing in the clerk's office or posted on a publicly accessible Internet site as required by 2013 Public Act 59.
2. Submit to Treasury Unfunded Accrued Liability Plan, if selecting Option 1 of part 2 below.

City/village/township: This certification, along with Unfunded Accrued Liability Plan, **must be received by June 1, 2014** to receive the June and August payments or on or before July 31, 2014 to receive the August payment. Post mark dates will not be considered. For questions, call (517) 373-2697.

County: This certification, along with Unfunded Accrued Liability Plan, **must be received by June 1, 2014** (or the first day of a payment month) in order to qualify for that month's payment. Post mark dates will not be considered. For questions, call (517) 373-2697.

PART 1: LOCAL UNIT INFORMATION			
Local Unit Name Charter Township of Ypsilanti		Local Unit County Name Washtenaw	
Local Unit Code 811200		Contact E-Mail Address jneel@ytown.org	
Contact Name Javonna Neel	Contact Title Accounting Director	Contact Phone Number 734-544-3601	Extension
Website Address, if reports are available online http://munetrix.com/sections/data/municipal.php?MuniID=1528&Type=Township		Date of Last Audited Financial Report 2012-12-31	
PART 2: STATEMENT OF UNFUNDED ACCRUED LIABILITIES			
Indicate the option that pertains to your local unit:			
<input checked="" type="checkbox"/> 1. Unfunded Accrued Liabilities Exist A local unit who has unfunded accrued liabilities pertaining to pensions or other post-employment benefits must attach a plan as required by 2013 Public Act 59.			
<input type="checkbox"/> No Unfunded Accrued Liabilities Exist A local unit who does not have any unfunded accrued liabilities pertaining to pensions or other post-employment benefits must provide, in the box below, an explanation of why the local unit does not have any unfunded accrued liabilities.			
See notes on Page 3			
PART 3: CERTIFICATION			
<i>In accordance with 2013 Public Act 59, the undersigned hereby certifies to Treasury that the above mentioned local unit has produced an Unfunded Accrued Liability Plan and has made them available for public viewing in the city, village, township, or county clerk's office or has posted them on a publicly accessible Internet site. The Unfunded Accrued Liability Plan, if required is attached to this signed certification.</i>			
Chief Administrative Officer Signature (as defined in MCL 141.422b)		Printed Name of Chief Administrative Officer (as defined in MCL 141.422b) Brenda L. Stumbo	
Title Supervisor		Date May 27, 2014	

Completed and signed form (including required attachments) should be e-mailed to: **TreasRevenueSharing@michigan.gov**
If you are unable to submit via e-mail, fax to (517) 335-3298 or mail the completed form and required attachments to:

Michigan Department of Treasury
Office of Revenue and Tax Analysis
PO Box 30722
Lansing MI 48909

TREASURY USE ONLY		
EVIP/CIP	Y N	EVIP/CIP Notes
Final Certification	Plan Received	

Unfunded Liability Notes

The Charter Township of Ypsilanti has two retirement systems, both with pension and other post-employment benefits (OPEB). The first is The Charter Township of Ypsilanti's Municipal Employees' Retirement System (MERS) system which consists of all retired and possible retired persons other than the firefighters. The second is The Charter Township of Ypsilanti Police and Firefighter's Retirement System which consists of all retired and possible retired firefighters.

Charter Township of Ypsilanti- MERS (consists of all retired and possible retired persons other than the firefighters)

- Fiscal Year: Pension-December 2012 and OPEB-December 2011
- Pension UAL as reported in the most recent actuarial valuation: \$4,602,817
- Pension Funded Ration: 76%
- OPEB UAL as reported in the most recent actuarial valuation:\$7,004,953
- OPEB Funded Ratio: 26.4%

Pension UAL-Actions Taken

Strategy:

- The Township has always been contributing the annual required contribution (ARC) to the pension.
- The Township negotiated contracts to adopt a lower tier of benefits for new hires which lowers the multiplier from 2.25 to 2.00. This is effective for new hires with the Teamster Contract on January 1, 2013 and the AFSCME, 14B District Court, and Non-Union on January 1, 2014.
- Active employees' contribution rate effective January 1, 2013 set at 7.3% of wage.Effective January 1, 2014 all new hires will be set at 8% of wages for 2014 and as of January 1, 2015 any additional contribution increase above the prior year rate shall be split between the employer and employee with a cap of 1% on the employee's increased rate in any given year. If at any time the employee contribution exceed 8% and the plan receives a reduction in pension rates, the reduction shall be split between the employer and the employee with the employee contribution going no lower than 8%.

Impact:

- By making the ARC minimum payments determined by the actuarial report into the plan contributes towards reducing the unfunded accrued liability.
- The long term impact of implementing a lower tier of benefits for new hires will reduce the future liability accrual because future benefits will be lower and therefore less expensive, than the previous benefits offered.

OPEB UAL-Actions Taken

Strategy:

- The Township has always been contributing the ARC to OPEB. In 2013, the contribution for OPEB was above the ARC by \$250,947.
- The Township negotiated contracts to eliminate retiree health insurance coverage for new hires as of January 1, 2014.

Impact:

- By making the ARC minimum payments determined by the actuarial report into the plan contributes towards reducing the unfunded accrued liability. The additional contribution made in 2013 will help speed reducing the UAL.
- Eliminating the health insurance for retirees for new hires will eliminate OPEB liability for those new hires.

Policies and Practices:

- Current Amortization for the defined benefit pension plan is 30 years with 10 year smoothing. MERS shrinks the

amortization schedule by 1 year, every year. An actuarial experience study is scheduled every 5 years. The latest study was performed December 31, 2010.

Future Actions That May Be Evaluated:

- Look into limiting what is included in the final average compensation calculation.

Charter Township of Ypsilanti Police and Firefighter's Retirement System (consists of all retired and possible retired firefighters)

- Fiscal Year: Pension-December 2012 and OPEB-December 2011
- Pension UAL as reported in the most recent actuarial valuation:\$4,212,998
- Pension Funded Ration: 86%
- OPEB UAL as reported in the most recent actuarial valuation:\$6,672,893
- OPEB Funded Ratio:30.7%

Pension UAL-Actions Taken**Strategy:**

- The Fire Fund has always been contributing the annual required contribution (ARC) to the pension.
- The Township is in contract negotiations with Firefighters to lower tier of benefits for new hires which lower the multiplier from 3.00 to 2.35. This is effective for new hires with on January 1, 2014. (Tentative contract as of 5/1/14 contract has not been signed)
- All active firefighters contribute 6% of wages to pension.

Impact:

- By making the ARC minimum payments determined by the actuarial report into the plan contributes towards reducing the unfunded accrued liability.

OPEB UAL-Actions Taken**Strategy:**

- The Fire Fund has always been contributing the ARC to OPEB. In 2013, the contribution for OPEB was above the ARC by \$217,667.
- The Township is in contract negotiations with Firefighters to eliminate retiree health insurance coverage for new hires as of January 1, 2014. (Tentative contract as of 5/1/14 contract has not been signed)
- The Township is in contract negotiations with Firefighters to have those who are eligible for the DROP program and enter after 1/1/2014 continue to contribute 4% to OPEB while in the DROP program. (Tentative contract as of 5/1/14 contract has not been signed)

Impact:

- By making the ARC minimum payments determined by the actuarial report into the plan contributes towards reducing the unfunded accrued liability. The additional contribution made in 2013 will help speed reducing the UAL.
- Eliminating the health insurance for retirees for new hires will eliminate OPEB liability for those new hires.

Policies and Practices:

- Current Amortization for the Firefighters defined benefit pension plan is 15 years with 5 year smoothing. An actuarial experience study is scheduled every 5 years. The latest study was performed December 31, 2010.

Future Actions That May Be Evaluated:

- Look into limiting what is included in the final average compensation calculation.