

Corrective Action Plan Monitoring: Application for Certification of Compliance

Section 4 - Sustainability Certification

The sustainability section of the corrective action plan monitoring form asks the local government to review its upcoming retirement related costs and indicate what the largest legacy payment burden that the local government will face in the next 5 years. The local government is asked to report the fiscal year with the projected largest percentage of governmental revenues used for retirement costs. The purpose of this section is to review the upcoming projected payments to confirm that they remain affordable, and that the actions proposed in the approved corrective action plan are and will remain sustainable in both the short and long term.

What is the highest combined annual retirement payment as a percentage of your projected governmental revenues over the next five fiscal years? (Examples)

Fiscal year: 2024

1. Total pension ADC(s): \$1,230,000
2. Total OPEB benefit payment(s): 535,945
3. Total additional contributions for pension: 0
4. Total additional contributions for OPEB: 535,945
5. Total governmental fund revenues: 7,818,124
6. Enterprise funds used to pay retirement costs (if applicable): 0

Total percentage [(Payments #1-4)/(Revenues #5-6)]: 24%

Sustainability Calculation Worksheet

To complete this section, a sustainability calculation worksheet has been provided, and should allow you to identify and report the required data for this section. By completing the pension and OPEB payment columns along with projected revenue, the worksheet will calculate the projected retirement payments as a percent of revenues.

Review the instructions below and subsequent attachments for completing this worksheet. As noted in the example below, FY 2024 is identified as having the highest retirement contributions as a percent of revenues.

Fiscal Year	Pension Payments		OPEB Payments		Projected (Actual) Governmental Revenues	Projected Enterprise Funds used for Retirement Costs	Projected Retirement Contributions as a Percent of Revenues
	Total Pension ADC (All Systems)	Additional Pension Contributions (All Systems)	Total OPEB Benefit Payment Amount (All Systems)	Additional OPEB Contributions (All Systems)			
2019					\$7,081,116		
2020	\$894,372	\$0	\$462,689	\$100,000	\$7,222,738		20%
2021	\$984,000	\$0	\$488,227	\$100,000	\$7,367,193		21%
2022	\$1,040,000	\$0	\$493,864	\$100,000	\$7,514,537		22%
2023	\$1,110,000	\$0	\$515,669	\$100,000	\$7,664,828		23%
2024	\$1,230,000	\$0	\$535,945	\$100,000	\$7,818,124		24%
Projected Annual Revenue Growth (Please select)	2%						

Enter most recent fiscal year ending

Enter most recent fiscal year ending Governmental Revenues from audit

Select the projected annual growth in governmental revenues

FY 2024 has the highest retirement contributions as a % of revenues

Pension Actuarially Determined Contribution and Additional Pension Contributions

In your pension valuation, you can find the computed or projected actuarially determined contribution (ADC), which may also be labeled as “Computed Annual Employer Contributions. Listed below is an example. In the “Total Pension ADC” column of the sustainability worksheet, please add the computed annual employer contributions as documented below for all pension systems (if applicable). Use the fiscal year below for reference. Numbers used to complete the additional pension contributions will be documented in your local government’s approved corrective action plan, or in its approved funding policy.

Review the annual employer contribution for each fiscal year.

Use the numbers listed here to complete the “Total Pension ADC” column

Valuation Year Ending 12/31	Fiscal Year Beginning 7/1	Actuarial Accrued Liability	Valuation Assets ²	Funded Percentage	Computed Annual Employer Contribution
7.75%¹/3.75%					
NO 5-YEAR PHASE-IN					
2018	2020	\$ 23,006,322	\$ 12,974,707	56%	\$ 894,372
2019	2021	\$ 23,300,000	\$ 12,500,000	54%	\$ 984,000
2020	2022	\$ 23,600,000	\$ 12,500,000	53%	\$ 1,040,000
2021	2023	\$ 23,900,000	\$ 12,600,000	53%	\$ 1,110,000
2022	2024	\$ 24,200,000	\$ 12,600,000	52%	\$ 1,180,000
2023	2025	\$ 24,500,000	\$ 12,800,000	52%	\$ 1,230,000
7.35%¹/3.00%					
NO 5-YEAR PHASE-IN					
2018	2020	\$ 23,769,002	\$ 12,974,707	55%	\$ 972,720
2019	2021	\$ 24,000,000	\$ 12,500,000	52%	\$ 1,060,000
2020	2022	\$ 24,300,000	\$ 12,500,000	51%	\$ 1,110,000
2021	2023	\$ 24,500,000	\$ 12,500,000	51%	\$ 1,170,000
2022	2024	\$ 24,800,000	\$ 12,500,000	50%	\$ 1,230,000
2023	2025	\$ 25,000,000	\$ 12,800,000	51%	\$ 1,280,000
5.75%¹/3.75%					
NO 5-YEAR PHASE-IN					
2018	2020	\$ 28,487,174	\$ 12,974,707	46%	\$ 1,302,600
2019	2021	\$ 28,800,000	\$ 12,300,000	43%	\$ 1,410,000
2020	2022	\$ 29,200,000	\$ 12,300,000	42%	\$ 1,480,000
2021	2023	\$ 29,500,000	\$ 12,500,000	42%	\$ 1,560,000
2022	2024	\$ 29,900,000	\$ 12,700,000	42%	\$ 1,640,000
2023	2025	\$ 30,300,000	\$ 13,200,000	44%	\$ 1,710,000

¹ Represents both the interest rate for discounting liabilities and the future investment return assumption on the Market Value of assets.

² Valuation Assets do not include assets from Surplus divisions, if any.

Total OPEB Benefit Payment Amount and Additional OPEB Contributions

In your OPEB valuation, you may find a chart that projects the funding status (If it does not, we suggest you request it from your actuary or other financial professional) of your OPEB system, including benefit payment amounts, projected additional payments, etc... Listed below are a couple examples of these charts. In the "Total OPEB Benefit Payment Amount" column of the sustainability worksheet, please add the projected benefit payment amount as documented below for all OPEB systems (if applicable). Use the fiscal year listed as a reference. Numbers used to complete the additional OPEB contributions may be documented in this projection as well, or you may find it in your local government's approved corrective action plan or in its approved funding policy.

Date	Retiree	DOB	Lives	Percent City	Mortality Date At Age 70	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
11/7/2019			2	70%	3/22/2047	10938	11484	12058	12661	13294	13959
			1	82%	8/13/2038	4920	4920	4920	4920	4920	4920
			2	100%	7/17/2043	15625	16406	17226	12000	12000	12000
			1	92%	7/19/2028	5520	5520	5520	5520	5520	5520
			2	92%	12/13/2030	11040	11040	11040	11040	11040	11040
			2	84%	10/1/2026	10080	10080	10080	10080	10080	10080
			2	100%	1/28/2041	12000	12000	12000	12000	12000	12000
			2	78%	3/31/2026	4680	4680	4680	4680	4680	4680
			2	84%	8/30/2046	13125	13781	14470	15193	15952	10080
			1	84%	11/7/2031	5040	5040	5040	5040	5040	5040
			2	96%	2/13/2044	15000	15750	16537	11520	11520	11520
			2	82%	6/13/2032	9840	9840	9840	9840	9840	9840
			2	94%	4/21/2037	11280	11280	11280	11280	11280	11280
Estimated Annual Retiree Health Insurance Cost						129088	131821	134691	125774	127166	121959
Pre-65 Health Insurance Annual Premium						15625	16406	17226	18087	18991	19941
						2020	2021	2022	2023	2024	2025
						\$129,088	\$131,821	\$134,691	\$125,774	\$127,166	\$121,959
Projected Total Retiree Health Insurance Costs (not amortized)						\$2,121,099	\$1,992,011	\$1,860,190	\$1,725,499	\$1,599,725	\$1,472,559
Projected Retiree Health Insurance Trust Funding						\$200,000	\$210,000	\$220,500	\$231,525	\$243,101	\$255,256
Funded Percentage						9.43%	10.54%	11.85%	13.42%	15.20%	17.33%

Use the numbers for the corresponding years listed here to complete the "Total OPEB Benefit Payment" amount column

Use the numbers listed here to complete the "Total Additional OPEB contributions" amount

2019 funding projection (based on December 31, 2017 actuarial valuation)

Use the numbers listed here to complete the "Total Additional OPEB contributions" amount

Use the numbers for the corresponding years listed here to complete the "Total OPEB Benefit Payment" amount column

			Discount 3.00%	Return 5.50%		
31-Dec liability	Assets	Contribution			=total contribution	funded percent
2019	16,779,252	116,601	116,601	442,930	559,531	0.7%
2020	17,150,645	223,014	100,000	462,689	562,689	1.3%
2021	17,502,409	335,280	100,000	488,227	588,227	1.9%
2022	17,821,239	453,720	100,000	493,864	593,864	2.5%
2023	18,129,635	578,675	100,000	515,669	615,669	3.2%
2024	18,413,441	710,502	100,000	535,945	635,945	3.9%
2025	18,667,493	849,580	100,000	552,494	652,494	4.6%
2026	18,898,184	996,306	100,000	586,502	686,502	5.3%
2027	19,087,379	1,151,103	100,000	598,104	698,104	6.0%
2028	19,258,231	1,314,414	100,000	622,344	722,344	6.8%
2029	19,397,232	1,486,707	100,000	651,736	751,736	7.7%
2030	19,501,561	1,668,476	100,000	672,373	772,373	8.6%
2031	19,581,537	1,860,242	100,000	723,150	823,150	9.5%
2032	19,606,299	2,062,555	100,000	753,032	853,032	10.5%
2033	19,589,668	2,275,996	100,000	792,062	892,062	11.6%
2034	19,524,621	2,501,175	100,000	797,709	897,709	12.8%
2035	19,445,513	2,738,740	100,000	769,032	869,032	14.1%
2036	19,387,971	2,989,371	100,000	817,488	917,488	15.4%
2037	19,255,447	3,253,786	100,000	865,975	965,975	16.9%
2038	19,047,380	3,532,744	100,000	854,309	954,309	18.5%
2039	18,820,021	3,827,045	100,000	879,965	979,965	20.3%
2040	18,535,281	4,137,533	100,000	897,088	997,088	22.3%
2041	18,217,543	4,465,097	100,000	919,698	1,019,698	24.5%
2042	17,861,702	4,810,677	100,000	928,165	1,028,165	26.9%
2043	17,479,820	5,175,265	100,000	914,062	1,014,062	29.6%
2044	17,093,406	5,559,904	100,000	939,169	1,039,169	32.5%
2045	16,664,291	5,965,699	100,000	942,795	1,042,795	35.8%
2046	16,213,914	6,393,812	100,000	945,633	1,045,633	39.4%
2047	15,743,073	6,845,472	100,000	941,067	1,041,067	43.5%