

# Instructions for Michigan Form No. 5572

## Local Government Retirement System Annual Report (Form No. 5572)

### GENERAL INFORMATION

#### A. Report

This report must be filed for any local government that offers a retirement pension benefit plan and or a retirement health benefit plan. A “retirement pension benefit plan” means an allowance, right, accrued right, or other pension benefit payable under a defined benefit pension plan to a participant in the plan or a beneficiary of the participant. Defined contribution plans, such as a 401(k) or 403(b) plan, do not need to be reported.

As used in this document, a “retirement health benefit plan” means other postemployment benefits (OPEB) such as an annuity, allowance, payment, or contribution to, for, or on behalf of a former employee or a dependent of a former employee to pay for medical, dental, hearing, vision, healthcare premiums, or premiums for life, disability, long-term care, or similar welfare benefits for a former employee.

As used in this document, a “retirement system” means a retirement system, trust, plan, or reserve fund that a local government establishes, maintains, or participates in and that, by its express terms or as a result of surrounding circumstances, provides retirement pension benefits or retirement health benefits, or both.

Biennial filers are required to annually file this report using information from the most recent audit on record with the Department of Treasury (Treasury).

Discretely presented component unit (e.g. DDA, LDFA, etc.) information should not be presented with the primary government information and should be reported separately. Blended component units should be reported as part of the local government. As used in this document, “primary government” means a city, village, township, or county. A non-primary government includes a district, authority, commission, or a public body created by a primary government or a combination of primary governments.

#### NOTE:

- DO NOT alter the official report being provided. Altered reports will not be considered an acceptable submission.
- DO NOT place more than one amount in a box.
- DO NOT submit a scanned image or PDF.
- If applicable, complete both the “Pension Report” tab and the “Health Care (OPEB) Report” tab before submitting.

#### B. Filing

This report must be submitted electronically. Return the original Excel file. Chief Administrative Officers, or their designee, should send a single email to [LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov) and attach the completed report. The subject line of the email should be in the following format: **Retirement System Annual Report-2019, Local Government** (e.g. Retirement System Annual Report-2019, City of Lansing). Treasury will send a reply acknowledging receipt of the email.

The local government shall also electronically submit the report to the governing body (e.g. Board/Council) of the local government. Formal vote of approval or governing body resolution is not required for this report.

#### C. Due Date

This report is due no later than six months after the end of your fiscal year. Failure to file within six months after the end of your fiscal year may result in a determination of underfunded status.

#### D. Public Inspection

Once available, this report must also be posted to the local government’s website, or in a public place if the local government does not have a website.

#### E. Source(s) of Information

This report will be completed utilizing information from audit reports, actuarial funding valuations, system investment provider reports, and accounting records. Local governments that utilize the alternative method allowed by the GASB may continue to do so; however, these local governments must adjust the calculation of their retirement assets, liabilities, funded ratio, and ARC using Treasury’s uniform assumptions if necessary.

### REPORT INSTRUCTIONS

#### F. Local Government Identification

- **Local government name:** Enter the name of the local government filing.
- **Municode:** Enter your six-digit municipal code. **Note:** You can find your local municode by visiting the Treasury website at the following link: [Local Government Muncodes](#). Please enter the municode as a continuous six-digit string without dashes or spaces.
- **Fiscal Year:** Enter the four-digit year of the most recently completed fiscal year (20xx). Biennial filers are required to file each year.
- **Contact name:** Enter the contact name of your Chief Administrative Officer.

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- **Contact title:** Enter the title of your contact.
- **Contact email:** Enter the contact email address of your Chief Administrative Officer. Please note that the email listed here will receive Treasury communication about this report.
- **Contact telephone number:** Enter the contact telephone number of your Chief Administrative Officer.
- **Enter the name of the system:** If there are multiple systems, enter each system in a separate row within this section of the form. Separate systems must not be combined. For example, Police and Fire, Public Safety, and General Employees would each be entered into separate rows. However, if your pension system or retiree healthcare system is separated by divisions, you would only enter one system.

of ADC to governmental fund revenues. If a local government has multiple plans, all ADC amounts are added together to calculate the ratio to governmental fund revenues.

## Membership

**Source: Actuarial Funding Valuation used in Most Recent Audit Report**

- **Line 11:** Enter the number of active members who are employed at the end of the reporting or measurement period.
- **Line 12:** Enter the number of inactive members who have accumulated benefits, but not retired, and are not yet receiving those benefits.
- **Line 13:** Enter the number of retirees and beneficiaries receiving benefits. This does not include terminated employees who have accumulated benefits, but not retired, and are not yet receiving those benefits.

## Investment Performance

**Source: Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider**

- **Lines 15-17:** Enter the 1, 5, and 10 Year Actual Rate of Return. Enter the system's investment performance net of fees for the previous 1-, 5-, and 10-year periods.

## Actuarial Assumptions

**Source: Actuarial Funding Valuation used in Most Recent Audit Report**

- **Line 19:** Enter the actuarial assumed rate of investment return which is the rate the actuary believes the investments will yield.
- **Line 20:** Select whether the amortization method for funding the system's unfunded actuarial accrued liabilities is level percent, level dollar, or other. Level percentage payments should grow each year. Level dollar amortization is similar to a mortgage, the same payment is made every year. The amortization period is the timespan the actuary uses to pay down the unfunded liability.
- **Line 21:** Select the amortization period used for the system. The amortizations period is the timespan the actuary uses to pay down the unfunded liability.
- **Line 22:** Indicate yes or no, whether each division in the pension system is closed to new employees.

## Uniform Assumptions

You can find the published uniform actuarial assumptions at [www.Michigan.gov/LocalRetirementReporting](http://www.Michigan.gov/LocalRetirementReporting)

**Source: Actuarial Funding Valuation used in Most Recent Audit Report**

- **Line 24:** Enter the system's assets (actuarial value of plan assets) as calculated using uniform assumptions reported at the valuation period ending date from the most recent actuarial valuation report for funding.

## G. Pension Report

### Descriptive Information

- **Line 1:** This line is for viewing only and is created based on the municipal code entered above.
- **Line 2:** This line is for viewing only and is created based on the pension system name entered above.

### Financial Information

**Source: Most Recent Audit Report**

- **Line 4:** Enter the retirement pension system's assets (fiduciary net position).
- **Line 5:** Enter the retirement pension system's liabilities (total pension liability ending).
- **Line 6:** This field is automatically calculated. Funded ratio is based on the ratio of assets (plan fiduciary net position) to total pension liability on a plan-year basis.
- **Line 7:** Enter the system's actuarially determined contribution (ADC).
- **Line 8:** Enter Governmental Fund Revenues. This should include revenues from the General, Special Revenue, Capital Projects, Debt Service, and Permanent funds. Revenues must be reported on the modified accrual basis from the fund-based statements and not the government-wide based statements. All other financing sources including, but not limited to, interfund transfers, bond proceeds, and sale of capital assets, must not be included in the calculation of revenues.
  - Special purpose governments, business-type non-primary local governments, and discretely presented component units must include all operating, non-operating and capital contributions in the calculation of revenues regardless of fund type.
  - For local governments of government with multiple retirement systems, enter the same Governmental Fund Revenue amount in each column.
- **Line 9:** This field is automatically calculated. Ratio

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- **Line 25:** Enter the system's liabilities (actuarial accrued liabilities) as calculated using uniform assumptions reported at the valuation period ending date from the most recent actuarial valuation report for funding.
- **Line 26:** This field is automatically calculated. Funded ratio for uniform assumptions is based on the ratio of assets (actuarial value of plan assets) to actuarially accrued liabilities on a plan-year basis as reported using uniform assumptions.
- **Line 27:** Enter the system's actuarially determined contribution (ADC) as calculated using uniform assumptions.
- **Line 28:** This field is automatically calculated. Ratio of ADC (as calculated using uniform assumptions) to governmental fund revenues (as reported from the most recent audited financial statements). If a local government has multiple plans, all ADC amounts are added together to calculate the ratio to governmental fund revenues.

### Pension Trigger Summary

- **Line 30:** This field is automatically calculated. Based on information provided by the local government, determines if the plan triggers underfunded status as defined by Public Act 202 of 2017.

## H. Retiree Health Care Report

### Descriptive Information

- **Line 1:** This line is for viewing only and is created based on the OPEB system name entered above.
- **Line 2:** This line is for viewing only and is created based on the OPEB system name entered above.

### Financial Information

#### **Source: Most Recent Audit Report**

- **Line 4:** Enter the OPEB system's assets (fiduciary net position).
- **Line 5:** Enter the retirement healthcare system's liabilities (total OPEB liability).
- **Line 6:** This field is automatically calculated. Funded ratio is based on the ratio of system's fiduciary net position to total OPEB liability on a plan-year basis.
- **Line 7:** Enter the system's actuarially determined contribution (ADC) as found in the most recent audit report. If no ADC is included in the audit report, enter \$0.
- **Line 7a:** Indicate if the audited financial statements include an ADC for the retirement healthcare system calculated in compliance with [Numbered Letter 2018-3 Recording of Actuarially Determined Contributions \(ADC\) for Other Post Employment Benefits \(OPEB\) Systems](#).
- **Line 8:** Governmental Fund Revenues. This should include revenues from the General, Special Revenue, Capital Projects, Debt Service, and Permanent funds.

Revenues must be reported on the modified accrual basis from the fund-based statements and not the government-wide based statements. All other financing sources including, but not limited to, interfund transfers, bond proceeds, and sale of capital assets, must not be included in the calculation of revenues.

- Special purpose governments, business-type non-primary local governments, and discretely presented component units must include all operating, non-operating and capital contributions in the calculation of revenues regardless of fund type.
- For local governments with multiple retirement systems, enter the same Governmental Fund Revenue amount in each column.
- **Line 9:** This field is automatically calculated. Ratio of ADC to governmental fund revenues. If a local government has multiple plans, all ADC amounts are added together to calculate the ratio to governmental fund revenues.

### Membership

#### **Source: Actuarial Funding Valuation used in Most Recent Audit Report**

- **Line 11:** Enter the number of active members who are employed at the end of the reporting or measurement period.
- **Line 12:** Enter the number of inactive members who have accumulated benefits, but are not yet retired and are not yet receiving those benefits.
- **Line 13:** Enter the number of retirees and beneficiaries receiving benefits. This does not include terminated employees who have accumulated benefits but are not yet retired and are not yet receiving those benefits.

#### **Source: Actuarial Funding Valuation used in Most Recent Audit Report or Accounting Records**

- **Line 14:** Enter the amount of premiums paid on behalf of the retirants. This is the annual cost paid to provide health care insurance or benefits to retirees. If the local government provides a self-insured plan to retirees, please provide the annual claims costs, in addition to any catastrophic insurance premium payment.
  - This amount does not include retiree contributions.

### Investment Performance

#### **Source: Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider**

- **Lines 16-18:** Enter the 1, 5, and 10 Year Actual Rate of Return. Enter the system's investment performance net of fees for the previous 1-, 5-, and 10-year periods.

### Actuarial Assumptions

#### **Source: Actuarial Funding Valuation used in Most Recent Audit Report**

- **Line 20:** Enter the actuarial assumed rate of investment return which is the rate the actuary believes the

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investments will yield.

- **Line 21:** Enter the discount rate used by the actuary to calculate the present value of all projected retiree health benefit payments.
- **Line 22:** Select whether the amortization method for funding the system's unfunded actuarial accrued liabilities is level percent, level dollar, or other. Level percentage payments should grow each year. Level dollar amortization is similar to a mortgage, the same payment is made every year. The amortization period is the timespan the actuary uses to pay down the unfunded liability
- **Line 23:** Select the amortization period used for the system. The amortizations period is the timespan the actuary uses to pay down the unfunded liability.
- **Line 24:** Indicate yes or no, whether each division in the OPEB system is closed to new employees.
- **Line 25:** Enter the health care inflation assumption used for the next year that your actuary uses to project expected growth rates in medical premiums and expenditures. Use the non-Medicare rate for the next year.
- **Line 26:** Enter the Long-Term Trend Rate assumption used by your actuary for health care inflation. Use the non-Medicare long-term trend rate.

### Uniform Assumptions

You can find the published uniform actuarial assumptions at

[www.Michigan.gov/LocalRetirementReporting](http://www.Michigan.gov/LocalRetirementReporting)

### **Source: Actuarial Funding Valuation used in Most Recent Audit Report**

- **Line 28:** Enter the system's assets (actuarial value of plan assets) as calculated using uniform assumptions reported at the valuation period ending date from the most recent actuarial valuation report for funding.
- **Line 29:** Enter the system's liabilities (actuarial accrued liabilities) as calculated using uniform assumptions reported at the valuation period ending date from the most recent actuarial valuation report for funding.
- **Line 30:** This field is automatically calculated. Funded ratio for uniform assumptions is based on the ratio of assets (actuarial value of plan assets) to actuarially accrued liabilities on a plan-year basis as reported using uniform assumptions.
- **Line 31:** Enter the system's actuarially determined contribution (ADC) as calculated using uniform assumptions.
- **Line 32:** This field is automatically calculated. Ratio of ADC (as calculated using uniform assumptions) to governmental fund revenues (as reported from the most recent audited financial statements). If a local government has multiple plans, all ADC amounts are added together to calculate the ratio to governmental fund revenues.

### OPEB Summary Report

#### **Source: Local Government Accounting Records**

- **Line 34:** Indicate if the local government made all required retiree insurance premiums for the year, by selecting yes or no or N/A.
- **Line 35:** Indicate if the local government set aside funds equal to the *normal cost* for new employees hired after June 30, 2018 by selecting yes or no. Funds set aside should be placed into a qualified trust or restricted account for future benefit payments. If the retirement system does not have any new employees hired after June 30, 2018 or the plan has been closed to new hires before June 30, 2018, please select N/A.
  - **Normal cost** represents the annual service cost of retirement health benefits as they are earned during active employment of employees of the local government in the applicable fiscal year, using an individual entry-age normal and level-pay actuarial cost method.
- **Line 36:** This field is automatically calculated. Based on information provided by the local government, this determines if the plan triggers underfunded status as defined by Public Act 202 of 2017.