

Key Benefit Concepts, LLC

City of West Allis



Accounting and Sample Funding Report of
Liabilities for Participants' Post Employment
Benefits as of January 1, 2010

January 2011



BBB Rating: A+

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Background and Certification

The Government Accounting Standards Board (GASB) considers other post employment benefits, like pension benefits, as part of the compensation employees earn each year although they are not received until after employment ends. GASB has finalized Statement No. 43 (Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans) and Statement No. 45 (Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions). These Statements establish standards for the measurement, recognition, and display of Other Post Employment Benefits (OPEB) expense/expenditures and related liabilities.

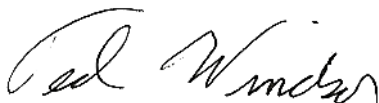
Key Benefit Concepts, LLC (KBC) is an independent actuarial and employee benefits consulting firm providing actuarial services to clients who sponsor qualified retirement and other post-employment benefits. We maintain no relationships with any client that might impair the objectivity of our work. This valuation and report were prepared by KBC based upon:

- Our understanding of GASB's current Statements
- The Summary of Benefits and Eligibility determined by the bargaining and other City agreements, as outlined herein
- The accuracy and completeness of information and data as provided by the City.

The calculations of cost and liabilities illustrated were determined according to generally accepted actuarial principles and standards. Specific assumptions and actuarial methodology for the study are defined within the report. Given that actual experience may vary from the actuarial assumptions projected, developing liabilities and costs may differ from those estimated in this report. Furthermore, in the event of any inaccuracies in the information or data provided, upon which these calculations were based, revisions may be needed.

This report was prepared solely for the purposes of providing information required by GASB for the entity's financial reporting. KBC assumes neither responsibility nor any liability for use of this report for any other purposes.

Ted W. Windsor is an actuary meeting the qualifications of the American Academy of Actuaries required to provide the actuarial opinion detailed in this report.



Ted W. Windsor, ASA, EA, MAAA

January 27, 2011

Introduction

The actuarial present value of the other post employment benefit (OPEB) liabilities is the value of all benefits estimated to be payable to plan members discounted at the assumed discount interest rate back to the valuation date. The actuarial present value is comprised of:

- Benefits employees have already earned, and
- Benefits expected to be earned by employees in the future.

Presented in this report are the results of our study of the post employment benefits and the associated liabilities and costs. The study includes the following:

- Actuarial Accrued Liability (AAL): The portion of the actuarial present value of benefits allocated to all periods prior to the valuation date of January 1, 2010 also known as the accrued benefit.
- Normal Cost (NC): The portion of the actuarial present value of benefits allocated to the valuation year (i.e. the additional benefits to be earned from January 1, 2010 through December 31, 2010).
- Unfunded Actuarial Accrued Liability (UAAL): The difference between the actuarial accrued liability and the actuarial value of assets. This amount may also be negative indicating the presence of a surplus of actuarial assets over actuarial accrued liabilities
- Annual Required Contribution (ARC): The employer's annual contribution comprised of the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the valuation year.

City's OPEB Benefits

For City of West Allis (the "City"), the other post employment benefit liability consists of several interdependent pieces arising from the rules of the plan. These interdependent pieces are as follows:

1. The amount paid by the City for continued medical care, for all classifications that are entitled to a benefit, is outlined below. A full description of the eligibilities and benefits for all eligible classifications can be found in the OPEB Technical Appendix.

All City Employees: A minimum of 10 years of service and at least age 50 for Protective Services and age 55 for Non-Protective Services; the City will contribute 95% of the retiree's medical premium amount during their first year of retirement. Thereafter, the retiree will be responsible for any premium increases (in addition to the 5% of premium paid in the first year) until age 65, at which time, the City will contribute 50% of the medical premiums. The City will continue its contributions until such time that the retiree ceases to pay their portion of the premiums or until their death.

Note: The City will pay either 50% of the PPO medical premiums or 50% of the standard plan medical premiums after reducing the standard plan by the major medical portion.

2. In a standard OPEB valuation, the GASB guidelines require that the OPEB benefit to be based upon the *value* of the health care benefit. Thus, when the benefits are insured, the value above the premium cost of benefits must be determined. This applies to all classifications and arises from the value of benefits in excess of the payments made by the City during the guaranteed period. This amount is determined and incorporated in the determined liability of the medical care benefit.

Additionally, since GASB guidelines require the OPEB benefit to be based upon the *value* of the medical care benefit, when an individual self-pays 100% of the premium cost, the valuation also includes the difference between the premium cost and the value cost of the benefit. This is known as the Implicit Rate Subsidy.

Implicit Rate Subsidy exists when an employer's retirees and current employees are covered together as a group wherein the premium rate or premium equivalent rate paid by the retirees may be lower than they would be if the retirees were rated separately. The final GASB Statements declare that even if the retirees pay 100% of the premium, without a contribution from the employer, the employer is required to treat the implicit rate subsidy as an other post employment benefit (OPEB) liability. This is a reversal of GASB's initial opinion.

As used above, *value* refers to the cost to the plan for providing coverage, which is greater than the aggregate premium charged for older participants. *Amount* refers to the dollar amount of premiums paid from the escrow account.

The census provided by the City included 435 active employees that are currently not participating in the City's group medical plan. For these 435 employees, it was assumed that throughout the remainder of their employment with and retirement from the City, they would continue not to participate in the City's group medical plan and as such will not receive a post-employment benefit upon their retirement. Thus, these 435 employees were not included in the valuation and no OPEB liability was calculated on their behalf. Similarly, no OPEB liability was calculated on behalf of the 142 retirees identified as 'Canceled', 'Waived', 'Died' or 'Cobra'.

All City employees may choose to remain on the group medical plan, upon their retirement, provided that they pay their required portion of premiums. Therefore, it was assumed that 15% of future retirees (current actives) would choose to no longer participate in the City's group medical plan upon reaching Medicare-eligibility. Note that when an individual becomes Medicare-eligible, their premium rates are adjusted to represent the expected cost of coverage (i.e. no implicit rate subsidy is incurred).

Amortization Method

The current guidelines allow two amortization methods:

Level Dollar Amortization Method – The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principle (similar to a mortgage payment on a building). Because payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of the payroll over time.

Level Percentage of Projected Payroll Amortization Method – Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan participants over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; however as a percentage of the total payroll the payments can be expected to remain level.

Note: The OPEB Tables are based upon a 28-year amortization period.

City’s OPEB Liability

Based upon actuarial assumptions and projections described herein as determined by the census, benefit and premium data provided by the City, the post employment medical care liabilities as of January 1, 2010 are as follows:

City’s Other Post Employment Liability		
	Level \$ Amortization	Level % Amortization
1 Normal Cost with interest to end of year	\$ 3,827,881	\$ 3,827,881
2 Accrued Liability as of 1/1/2010	\$ 122,041,691	\$ 122,041,691
3 28-yr. Amortization of Accrued Liability	\$ 8,191,747	\$ 5,691,511
4 Annual Required Contribution (ARC)	\$ 12,019,628	\$ 9,519,392

Detailed calculations for the above results can be found in the OPEB Tables C and D.

Discussion of Valuation Methods and Assumptions

The valuation was based upon the data provided by the City. In performing this study, we utilized the medical and prescription drug claims as well as the premium equivalent rate history of the City’s self-funded medical plan and projected a stream of expected premium equivalent rates for each year in the future based on the data as of January 1, 2010. For those individuals covered under the City’s medical plan, the first year (calendar year 2010) trends and expected future costs were derived from historical premium equivalent rates for actives and retirees.

Trend and retirement age are the most sensitive assumptions. Changes in these assumptions have the largest impact on the amount of liabilities.

All of the demographic assumptions used for this report (i.e. other than trend, salary, payroll growth, expected discount rate, percent electing coverage and percent electing family coverage) are approximately the same as those used in the December 31, 2009 Wisconsin Retirement System's (WRS) annual report. The assumptions are shown in the OPEB Technical Appendix.

This is a subsequent valuation of the City's OPEB liabilities. Since the prior study, the City has not established a trust to fund its post-employment liabilities. As such, there are no assets to offset the City's unfunded actuarial accrued OPEB liability.

A discount rate of 5% (as the expected long-term yield on general assets) was used in this valuation in calculating the OPEB liabilities. It was assumed that the City would continue to fund its retiree medical benefits on a pay-as-you-go basis out of its general fund assets.

Should the City choose to establish a fund in the future and pre-fund one hundred percent (100%) of their retiree medical benefits in accordance with the ARC, then a higher discount rate (as the expected yield on long-term investments) may be more appropriate.

Pay-As-You-Go

GASB requires all public entities to identify and include the OPEB liability in their financial statements. However, GASB does not require any public entity to fund such liability. Since many public entities currently provide for OPEB benefits on a pay-as-you-go basis, we have included OPEB Table I. OPEB Table I illustrates, based upon the assumptions used in this valuation, the projected City's annual liability for retiree medical coverage on a pay-as-you-go basis.

The projections illustrated in OPEB Table I are solely for illustrative purposes and pertain only to the liabilities incurred from those active and retired employees of the City as of January 1, 2010. It is based upon a closed valuation, such that no new hires are assumed to replace those future retirees. The likelihood of actual costs and retirement numbers equaling the stated projections decreases for each year projecting further into the future. Also note that the expected total premiums differ from the total OPEB value which is attributed to the implicit rate subsidy.

OPEB Tables

OPEB Table A

City of West Allis
Active Employees as of January 1, 2010

Years of Service in the City of West Allis

Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 or more	Total
Under 20	4	-	-	-	-	-	-	-	4
20 - 24	165	2	-	-	-	-	-	-	167
25 - 29	24	10	-	-	-	-	-	-	34
30 - 34	22	19	8	-	-	-	-	-	49
35 - 39	11	21	34	5	-	-	-	-	71
40 - 44	5	9	22	17	11	-	-	-	64
45 - 49	11	10	14	30	44	25	3	-	137
50 - 54	13	5	20	18	32	37	15	1	141
55 - 59	9	7	8	11	10	13	10	1	69
60 - 64	12	8	1	4	9	8	3	2	47
65 and over	20	53	96	2	2	2	1	1	177
Total	296	144	203	87	108	85	32	5	960

Averages:

Age: 47.4

Service: 11.7

OPEB Table B

City of West Allis
Members by Medical Coverage as of January 1, 2010

	Medical Plan Enrollment at Retirement			
	Single	Couple	None	Total
Clerical	36	48	11	95
Elected Officials	5	8	-	13
Engineers	2	7	1	10
Fire Fighters	27	68	4	99
Non-Union	9	73	9	91
Nurses	3	5	7	15
Police	38	64	6	108
Public Works	43	89	5	137
Others	-	-	392	392
Total Actives	163	362	435	960
Retirees	229	279	142	650
Overall Total	392	641	577	1,610

Notes:

- 1- No liability was calculated for those listed under 'None' or classified as 'Other'.
- 2- Retirees listed under 'None' were identified on the census as 'Cancel', 'Waived', 'Dead' or 'Cobra'.
- 3- It was assumed that 15% of future retirees (current actives) that are currently enrolled in the medical plan would choose to no longer participate in the City's group medical plan upon reaching Medicare-eligibility.
- 4- Active plan participants that were listed on the census as having a status of 'Single', 'Divorced' or 'Widowed' were assumed to have 'Single' coverage upon their retirement.
- 5- Active plan participants that were listed on the census as having a status of 'Married' and either 'Couple' or 'Family' were assumed to have 'Couple' coverage upon their retirement.

OPEB Table C

City of West Allis

Determination of Normal Cost, Actuarial Accrued Liability
and Unfunded Actuarial Accrued Liability (UAAL) as of 1/1/2010

Total Incurred OPEB Liability

	<i>Clerical</i>	<i>Elected</i>	<i>Engineers</i>	<i>Firefighters</i>	<i>Non-Union</i>	<i>Nurses</i>	<i>Police</i>	<i>Public Works</i>	<i>Retirees</i>	<i>Total</i>
1. Normal cost as of 1/1/2010										
a. Future retiree value of OPEB	\$716,634	\$100,067	\$83,506	\$1,225,667	\$900,775	\$77,458	\$1,275,613	\$1,292,527	\$0	\$5,672,247
b. Future retiree paid portion of premiums	280,501	39,734	30,130	407,682	332,700	30,183	433,700	472,016	0	2,026,646
c. Total normal cost [#1a - #1b]	436,133	60,333	53,376	817,985	568,075	47,275	841,913	820,511	0	3,645,601
2. Actuarial accrued liability as of 1/1/2010										
a. Current retiree value of OPEB	0	0	0	0	0	0	0	0	105,461,345	105,461,345
b. Current retiree paid portion of premiums	0	0	0	0	0	0	0	0	47,162,254	47,162,254
c. Future retiree value of OPEB	10,485,140	2,277,744	847,757	22,274,745	18,525,224	1,613,971	18,419,645	22,864,439	0	97,308,665
d. Future retiree paid portion of premiums	4,097,905	956,377	303,783	7,464,656	6,699,989	628,373	5,117,847	8,297,135	0	33,566,065
e. Total actuarial accrued liability [(#2a - #2b)+ (#2c - #2d)]	6,387,235	1,321,367	543,974	14,810,089	11,825,235	985,598	13,301,798	14,567,304	58,299,091	122,041,691
3. Actuarial value of assets	0	0	0	0	0	0	0	0	0	0
4. Unfunded actuarial accrued liability [#2e - #3]	\$6,387,235	\$1,321,367	\$543,974	\$14,810,089	\$11,825,235	\$985,598	\$13,301,798	\$14,567,304	\$58,299,091	\$122,041,691

OPEB Table D - Level % Amortization

City of West Allis
 Determination of 2010 Calendar Year Annual Required Contribution (ARC)

Total Incurred OPEB Liability

	<i>Clerical</i>	<i>Elected</i>	<i>Engineers</i>	<i>Firefighters</i>	<i>Non-Union</i>	<i>Nurses</i>	<i>Police</i>	<i>Public Works</i>	<i>Retirees</i>	<i>Total</i>
1. Normal cost										
a. Beginning of year	\$436,133	\$60,333	\$53,376	\$817,985	\$568,075	\$47,275	\$841,913	\$820,511	\$0	\$3,645,601
b. With interest to end of year	457,940	63,350	56,045	858,884	596,479	49,639	884,009	861,537	0	3,827,881
2. Expected payroll for 2010 calendar year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. Unfunded actuarial accrued liability	6,387,235	1,321,367	543,974	14,810,089	11,825,235	985,598	13,301,798	14,567,304	58,299,091	122,041,691
4. 28 year amortization of UAAL as a level percentage of payroll method										
a. Dollars	297,874	61,623	25,369	690,680	551,479	45,964	620,340	679,358	2,718,824	5,691,511
b. Percent of payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5. Annual required contribution (ARC)										
a. Normal cost	457,940	63,350	56,045	858,884	596,479	49,639	884,009	861,537	0	3,827,881
b. Amortization	297,874	61,623	25,369	690,680	551,479	45,964	620,340	679,358	2,718,824	5,691,511
c. Total contribution [a + b]	\$755,813	\$124,973	\$81,413	\$1,549,565	\$1,147,958	\$95,603	\$1,504,349	\$1,540,894	\$2,718,824	\$9,519,392

OPEB Table D - Level \$ Amortization

City of West Allis
 Determination of 2010 Calendar Year Annual Required Contribution (ARC)

Total Incurred OPEB Liability

	<i>Clerical</i>	<i>Elected</i>	<i>Engineers</i>	<i>Firefighters</i>	<i>Non-Union</i>	<i>Nurses</i>	<i>Police</i>	<i>Public Works</i>	<i>Retirees</i>	<i>Total</i>
1. Normal cost										
a. Beginning of year	\$436,133	\$60,333	\$53,376	\$817,985	\$568,075	\$47,275	\$841,913	\$820,511	\$0	\$3,645,601
b. With interest to end of year	457,940	63,350	56,045	858,884	596,479	49,639	884,009	861,537	0	3,827,881
2. Expected payroll for 2010 calendar year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. Unfunded actuarial accrued liability	6,387,235	1,321,367	543,974	14,810,089	11,825,235	985,598	13,301,798	14,567,304	58,299,091	122,041,691
4. 28 year amortization of UAAL as a level dollar method										
a. Dollars	428,727	88,693	36,513	994,091	793,740	66,156	892,850	977,794	3,913,183	8,191,747
b. Percent of payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5. Annual required contribution (ARC)										
a. Normal cost	457,940	63,350	56,045	858,884	596,479	49,639	884,009	861,537	0	3,827,881
b. Amortization	428,727	88,693	36,513	994,091	793,740	66,156	892,850	977,794	3,913,183	8,191,747
c. Total contribution [a + b]	\$886,667	\$152,043	\$92,558	\$1,852,975	\$1,390,218	\$115,795	\$1,776,859	\$1,839,331	\$3,913,183	\$12,019,628

OPEB Table E - Level % Amortization

City of West Allis

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending December 31, 2010

	<u>Total</u>
Annual required contribution (ARC)	\$9,519,392
Interest on net OPEB obligation	673,582
Adjustment to annual required contribution	(628,260)
Annual OPEB cost (expense)	\$9,564,714
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$13,471,634
Net OPEB obligation - end of year	TBD

History of OPEB Cost, Percentage Of Annual Contribution and Net OPEB Obligation

Valuation Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$10,153,106	33.66%	\$6,735,817
12/31/2009	\$10,153,106	33.66%	\$13,471,634
12/31/2010	\$9,564,714	TBD	TBD

OPEB Table E - Level \$ Amortization

City of West Allis

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending December 31, 2010

	<u>Total</u>
Annual required contribution (ARC)	\$12,019,628
Interest on net OPEB obligation	673,582
Adjustment to annual required contribution	(904,250)
Annual OPEB cost (expense)	\$11,788,960
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$13,471,634
Net OPEB obligation - end of year	TBD

History of OPEB Cost, Percentage Of Annual Contribution and Net OPEB Obligation

Valuation Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$10,153,106	33.66%	\$6,735,817
12/31/2009	\$10,153,106	33.66%	\$13,471,634
12/31/2010	\$11,788,960	TBD	TBD

OPEB Table F

City of West Allis
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a) / c)
1/1/2008	\$0	\$128,614,356	\$128,614,356	0.00%	\$34,036,048	377.88%
1/1/2009	\$0	\$128,614,356	\$128,614,356	0.00%	\$36,801,382	349.48%
1/1/2010	\$0	\$122,041,691	\$122,041,691	0.00%	TBD	TBD

OPEB Table G

City of West Allis
Significant Methods and Assumptions

Actuarial valuation date	1/1/2010
Actuarial cost method	Unit credit
Amortization method	28 year open level dollar & percentage of payroll
Remaining amortization period	28 years
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return *	5.00%
Projected payroll increases (for level amortization of pay only)	3.00%
Medical care trend*	10.00% decreasing by 1.00% per year down to 5.00%

* Implicit in this rate is an assumed rate of inflation of 4.00%

OPEB Table H - Level % Amortization

City of West Allis
 Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Valuation Year Ending	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
12/31/2008	\$10,153,106	0	0	22.58	\$10,153,106	(3,417,289)	6,735,817	\$6,735,817
12/31/2009	\$9,929,952	223,154	0	22.02	\$10,153,106	(3,417,289)	6,735,817	\$13,471,634
12/31/2010	\$9,519,392	673,582	(628,260)	21.44	\$9,564,714	TBD	TBD	TBD

OPEB Table H - Level \$ Amortization

City of West Allis
 Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Valuation Year Ending	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
12/31/2008	\$10,153,106	0	0	15.37	\$10,153,106	(3,417,289)	6,735,817	\$6,735,817
12/31/2009	\$9,929,952	223,154	0	15.14	\$10,153,106	(3,417,289)	6,735,817	\$13,471,634
12/31/2010	\$12,019,628	673,582	(904,250)	14.90	\$11,788,960	TBD	TBD	TBD

OPEB Table I

City of West Allis

Pay As You Go

Projection of Medical Benefits (30 Year Projection)

A	B	C	D	E	F	G
Calendar Year Beginning	Expected Total Premiums	City's Premium Contribution	Total OPEB Value	City's OPEB Liability	Implicit Rate Subsidy	Cost → Value
2010	\$5,760,787	\$3,318,805	\$6,578,325	\$4,136,343	\$817,538	1.1419
2011	\$6,342,719	\$3,650,613	\$7,249,151	\$4,557,045	\$906,432	1.1429
2012	\$7,034,105	\$4,050,862	\$8,064,605	\$5,081,362	\$1,030,500	1.1465
2013	\$7,603,039	\$4,380,073	\$8,700,347	\$5,477,381	\$1,097,308	1.1443
2014	\$8,180,774	\$4,743,903	\$9,396,383	\$5,959,512	\$1,215,609	1.1486
2015	\$8,738,217	\$5,094,259	\$10,069,808	\$6,425,850	\$1,331,591	
2016	\$9,298,644	\$5,479,860	\$10,770,752	\$6,951,968	\$1,472,108	
2017	\$9,816,891	\$5,866,172	\$11,441,405	\$7,490,686	\$1,624,514	
2018	\$10,354,751	\$6,234,740	\$12,037,124	\$7,917,113	\$1,682,373	
2019	\$10,967,317	\$6,621,508	\$12,823,810	\$8,478,001	\$1,856,493	
2020	\$11,667,683	\$7,052,821	\$13,648,699	\$9,033,837	\$1,981,016	
2021	\$12,294,083	\$7,414,380	\$14,420,476	\$9,540,773	\$2,126,393	
2022	\$12,861,653	\$7,699,406	\$15,054,993	\$9,892,746	\$2,193,340	
2023	\$13,444,039	\$7,981,727	\$15,717,776	\$10,255,464	\$2,273,737	
2024	\$13,965,686	\$8,208,851	\$16,380,298	\$10,623,463	\$2,414,612	
2025	\$14,455,717	\$8,363,936	\$16,811,999	\$10,720,218	\$2,356,282	
2026	\$14,912,752	\$8,509,285	\$17,313,512	\$10,910,045	\$2,400,760	
2027	\$15,435,194	\$8,732,932	\$17,779,043	\$11,076,781	\$2,343,849	
2028	\$15,868,611	\$8,947,036	\$18,049,951	\$11,128,376	\$2,181,340	
2029	\$16,315,781	\$9,177,044	\$18,244,486	\$11,105,749	\$1,928,705	
2030	\$16,802,982	\$9,407,734	\$18,722,739	\$11,327,491	\$1,919,757	
2031	\$17,230,180	\$9,701,554	\$19,121,808	\$11,593,182	\$1,891,628	
2032	\$17,659,378	\$9,942,491	\$19,520,873	\$11,803,986	\$1,861,495	
2033	\$18,029,619	\$10,085,260	\$19,868,473	\$11,924,114	\$1,838,854	
2034	\$18,391,686	\$10,282,393	\$20,240,044	\$12,130,751	\$1,848,358	
2035	\$18,709,571	\$10,520,176	\$20,560,167	\$12,370,772	\$1,850,596	
2036	\$18,977,170	\$10,628,897	\$20,850,990	\$12,502,717	\$1,873,820	
2037	\$19,147,156	\$10,596,725	\$21,053,768	\$12,503,337	\$1,906,612	
2038	\$19,263,835	\$10,593,682	\$21,174,728	\$12,504,575	\$1,910,893	
2039	\$19,259,577	\$10,460,407	\$21,209,266	\$12,410,096	\$1,949,689	

When Funding the Trust: Pay-As-You-Go amount plus Implicit Rate Subsidy: Multiply factor in column **G** times Pay-As-You-Go amount, the result is the amount to be paid to Fund Trust. The difference between the two amounts is the Implicit Rate Subsidy.

OPEB Technical Appendix

City of West Allis

Post Employment Benefit Summary

All City Employees

Eligibility	OPEB
<p>Must have a minimum of 10 years of service with the City and receiving a pension annuity from the City of West Allis;</p> <p>Eligible for coverage at age 55 (age 50 for Protective Service or earlier for disability retirement)</p>	<p><u>Continuing Medical Insurance:</u> The City will contribute 95% of the monthly medical premiums, on behalf of the retiree, during their first year of retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to the 5% of premiums paid in the first year).</p> <p>At age 65, the City's contributions will be adjusted to either 50% of the PPO medical premium cost or 50% of the standard plan medical premium after reducing the standard plan by the major medical portion.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or until the death of the retiree.</p>
<p>Notes:</p> <ul style="list-style-type: none"> • <i>City employees eligible for a City-provided post-employment benefit include those classified as Clerical, Elected, Engineer, Firefighters, Non-Union, Nurse, Police and Public Works.</i> • <i>Disabled employees participating in the plan that also receive a pension shall have their City contributions set at the earliest year of eligible retirement and once set shall follow the same rules as any other retiree.</i> 	

Actuarial Assumptions for OPEB Benefits

1. Actuarial Valuation Date	January 1, 2010																																										
2. Actuarial Cost Method	<u>Unit Credit</u> : The calculation of retirement plan benefits is based upon the accumulation of “benefit units” earned from such things as salary and/or service years. A Plan’s normal cost is determined by the present value of benefits allocated to the valuation year. A Plan’s accrued liability is the present value of benefits allocated to all periods prior to the valuation year.																																										
3. Interest Rate	Discount rate for valuing liabilities – 5.00% Interest rate on plan assets – 5.00% Implicit in these rates is a 4.00% assumed rate of inflation																																										
4. Payroll Increase	3.00% – Used only for with the level percent amortization method																																										
5. Amortization Method	28 year open level percent & level dollar method																																										
6. Remaining Amortization Period	28 years																																										
7. Asset Valuation Method	Market Value																																										
8. Mortality Rates	Active participant mortality rates at sample ages: <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>20</td><td>0.000233</td><td>0.000077</td></tr> <tr><td>25</td><td>0.000303</td><td>0.000085</td></tr> <tr><td>30</td><td>0.000368</td><td>0.000115</td></tr> <tr><td>35</td><td>0.000391</td><td>0.000203</td></tr> <tr><td>40</td><td>0.000492</td><td>0.000285</td></tr> <tr><td>45</td><td>0.000725</td><td>0.000446</td></tr> <tr><td>50</td><td>0.001184</td><td>0.000614</td></tr> <tr><td>55</td><td>0.002085</td><td>0.001281</td></tr> <tr><td>60</td><td>0.003038</td><td>0.002174</td></tr> <tr><td>65</td><td>0.004660</td><td>0.003325</td></tr> <tr><td>70</td><td>0.008171</td><td>0.005327</td></tr> <tr><td>75</td><td>0.015030</td><td>0.009751</td></tr> <tr><td>80</td><td>0.027138</td><td>0.016934</td></tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	20	0.000233	0.000077	25	0.000303	0.000085	30	0.000368	0.000115	35	0.000391	0.000203	40	0.000492	0.000285	45	0.000725	0.000446	50	0.001184	0.000614	55	0.002085	0.001281	60	0.003038	0.002174	65	0.004660	0.003325	70	0.008171	0.005327	75	0.015030	0.009751	80	0.027138	0.016934
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9. Retirement

Active participant retirement rates at sample ages:

General Pattern

<u>Age</u>	<i>Normal</i>		<i>Early</i>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55			8.0%	6.0%
56			8.0	6.0
57	24.0%	19.0%	4.5	4.5
58	24.0	19.0	5.0	5.5
59	24.0	19.0	5.5	5.5
60	24.0	19.0	8.0	8.0
61	20.0	19.0	8.0	8.0
62	33.0	29.0	17.0	16.0
63	33.0	29.0	17.0	16.0
64	24.0	25.0	17.0	16.0
65	100.0	100.0	100.0	100.0

Protective Pattern

<u>Age</u>	<i>Normal & Early</i> <u>Male & Female</u>
50	8.0%
51	8.0
52	9.0
53	28.0
54	20.0
55	17.0
56	17.0
57	17.0
58	17.0
59	17.0
60	17.0
61	20.0
62	20.0
63	30.0
64	18.0
65	100.0

10. Separation Rates

Select and ultimate termination rates at sample ages and years of service are shown below:

Other			
<u>Age</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>
	0	21.0%	20.0%
	1	13.0	14.0
	2	9.0	10.0
	3	7.0	8.2
	4	5.8	7.2
	5	4.7	6.2
	6	4.3	5.3
	7	4.0	4.7
	8	3.5	4.4
	9	3.0	4.0
25	10 & over	3.0	4.0
30		3.0	3.7
35		2.5	3.2
40		1.9	2.6
45		1.5	2.1
50		1.3	1.8
55		1.2	1.7
60		1.2	1.7

Protective		
<u>Age</u>	<u>Service</u>	<u>Male & Female</u>
	0	13.0%
	1	7.0
	2	4.6
	3	4.1
	4	3.2
	5	3.0
	6	2.7
	7	2.5
	8	2.3
	9	1.9
25	10 & over	1.9
30		1.9
35		1.7
40		1.3
45		1.1
50		1.0
55		1.0
60		1.0

11. Disablement Rates	Active participant disablement rates at sample ages:			
	Protective		General	
	<u>Age</u>	<u>Male & Female</u>	<u>Male</u>	<u>Female</u>
	20	0.02%	0.01%	0.01%
	25	0.02	0.01	0.01
	30	0.02	0.01	0.03
	35	0.03	0.01	0.04
	40	0.04	0.04	0.06
	45	0.06	0.08	0.09
	50	0.09	0.18	0.14
	55	1.47	0.34	0.25
	60	2.48	0.60	0.35
12. Medical Trends (Annual Increases)	<u>Year</u>		<u>Medical Trend</u>	
	1		10.0%	
	2		9.0	
	3		8.0	
	4		7.0	
	5		6.0	
	6		5.0	
	7		5.0	
	8		5.0	
	9		5.0	
	10		5.0	
	11		5.0	
	12		5.0	
	13 & over		5.0	
13. Age Related Health Care Cost	Health care costs are assumed to increase at 2.5% per year of age separate from trend due to increased cost of older participants.			
14. Percent with Coverage at Retirement	100% of active participants currently electing coverage and eligible for a benefit			
15. Percent Electing Coverage Upon Reaching Medicare	85% of active plan participants currently electing coverage and eligible for a benefit			
16. Spouses' Age	Males are assumed to be three years older than their spouses			