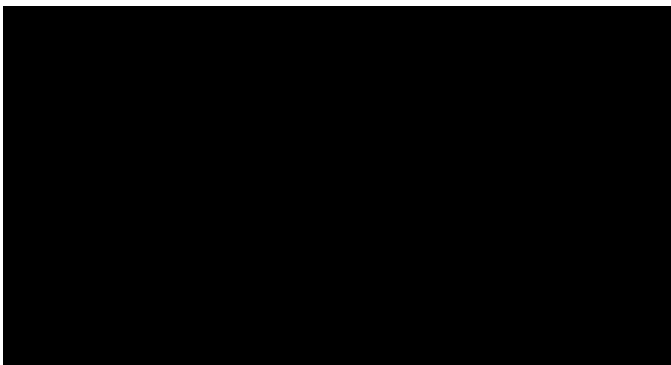


City of West Allis

Postretirement Benefit  
Valuation Report Under  
**GASB 74/75**

Expense Development for Fiscal Year Beginning  
January 1, 2016

July 24, 2017



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# Executive Summary

This report has been prepared by Willis Towers Watson for the City of West Allis for the following purposes:

- To provide the January 1, 2016 reporting and disclosure information for financial statements, governmental agencies, and other interested parties as required in the Statement of Governmental Accounting Standards No. 74 (SGAS 74) and Statement of Governmental Accounting Standards No. 75 (SGAS 75)
- To present the SGAS 75 expense for the year beginning January 1, 2016.
- To summarize the actuarial methods, assumptions, and data used in the valuation.

The City of West Allis is providing a retiree medical program for employees who meet the eligibility requirements upon retirement. Under SGAS 75 retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan.

## Changes Since Prior Valuation

The accounting has been updated to comply with the Statement of Governmental Accounting Standards No. 74 and the Statement of Governmental Accounting Standards No. 75 (SGAS 75)

There have been no substantive plan changes since the prior valuation except that the post-65 benefit has been eliminated for Police and Fire personnel hired on or after 3/1/2016.

The discount rate has been changed from 4.0% to 4.52%.

The census has been updated to reflect the current population.

Other assumptions are consistent with those used in the prior valuation.

# Section 1: Accounting Information

SGAS 74/75 requires that certain information regarding postretirement benefits other than pension benefits be disclosed in the sponsor's financial statements. The disclosures include a statement of the change in the net OPEB liability, the OPEB expense, deferred inflows and outflows, historical changes in the net OPEB liability and the annual contributions and a statement of assumptions and the amortization method.

Presented in this section is an illustration of this information:

## **Section 1.1: Net OPEB Liability as of 1/1/2016**

## **Section 1.2: OPEB Liability as of 1/1/2016 by Source**

## **Section 1.3: OPEB Expense for the Fiscal Year Beginning 1/1/2016**

## **Section 1.4: Deferred Outflows of Resources and Inflows of Resources**

## **Section 1.5: Historical Changes in the Net OPEB Liability**

## **Section 1.6: Annual Contributions**

## **Section 1.7: Sensitivity of the Net OPEB Liability**

## **Section 1.8: OPEB Expense Projection**

## Section 1.1: Net OPEB Liability as of 1/1/2016

	Total OPEB Liability (a)	Plan Fiduciary Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 1/1/2015</b>	\$164,412,666	\$0	\$164,412,666
<b>Changes for the Year</b>			
Service Cost	\$4,763,909		\$4,763,909
Interest	\$7,535,230		\$7,535,230
Changes of benefit terms	\$0		\$0
Differences between expected and actual experience	\$0		\$0
Changes of assumptions or other inputs	(\$30,833,407)		
Contributions-employer		\$4,935,880	(\$4,935,880)
Net investment income		\$0	\$0
Benefit payments	(\$4,935,880)	(\$4,935,880)	\$0
Administrative expense		\$0	\$0
<b>Net Changes</b>	(\$23,470,148)	\$0	(\$23,470,148)
<b>Balances at 1/1/2016</b>	\$140,942,518	\$0	\$140,942,518

**Section 1.2: OPEB Liability as of 1/1/2016 by Source**

Inactive employees or beneficiaries currently receiving benefit payments	\$79,087,173
Inactive employees entitled to but not yet receiving benefit payments	\$0
Active Employees	\$61,855,345
Total	\$140,942,518

### Section 1.3: OPEB Expense for the Fiscal Year Beginning 1/1/2016

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Service cost	\$4,258,286
Interest	\$6,456,326
Expected return on investments	\$0
Recognition of difference between expected and actual experience	\$0
Recognition of changes in assumptions or other inputs	(\$2,046,012)
<b>OPEB Expense</b>	<b>\$8,668,600</b>

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### Section 1.4: Deferred Outflows of Resources and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Changes of assumptions	\$30,833,407	\$0
Net difference between projected and actual earnings on OPEB plan investments		
<b>Total</b>	<b>\$30,833,407</b>	<b>\$0</b>

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Year ended December 31</b>		
2016	\$2,046,012	\$0
2017	\$2,046,012	\$0
2018	\$2,046,012	\$0
2019	\$2,046,012	\$0
2020	\$2,046,012	\$0
Thereafter	\$20,603,345	\$0

Deferred outflow resulted from increase in discount rate from 4.0% to 4.52% and change to Entry Age Actuarial Cost Method.

Recognition period of deferred outflows of resources and deferred inflows of resource is 15.07 years.

Changes in the liability resulting from differences between expected and actual experience due to economic or demographic factors or changes of assumptions about future economic or demographic factors or other inputs are recognized over a closed period equal to the average of the expected remaining service lives of all employees provided with benefits through the OPEB plan.

Changes in the liability resulting from benefit plan changes are recognized immediately.

## Section 1.5: Historical Changes in the Net OPEB Liability

Year ending January 1	2017
<b>Total OPEB Liability</b>	
Service Cost	\$4,258,286
Interest	\$6,456,326
Changes of benefit terms	\$0
Differences between expected and actual experience	\$0
Changes of assumptions or other inputs	\$0
Benefit payments	(\$4,723,474)
<b>Net Change in total OPEB liability</b>	<b>\$5,991,138</b>
<b>Total OPEB liability-beginning</b>	<b>\$140,942,518</b>
<b>Total OPEB liability-ending (a)</b>	<b>\$146,933,656</b>
<b>Plan fiduciary net position</b>	
Contributions-employer	\$4,723,474
Net investment income	\$0
Benefit payments	(\$4,723,474)
Administrative expense	\$0
<b>Net Change in plan fiduciary net position</b>	<b>\$0</b>
<b>Plan fiduciary net position-beginning</b>	<b>\$0</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$0</b>
<b>Net OPEB liability-ending (a) - (b)</b>	<b>\$146,933,656</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>100.0%</b>
<b>Covered employee payroll</b>	<b>\$38,838,197</b>
<b>Net OPEB liability as a percentage of covered employee payroll</b>	<b>378.3%</b>

**Section 1.6: Annual Contributions**

<b>Year ending January 1</b>	<b>2017</b>
Actuarially determined contribution	\$8,668,600
Contributions in relation to the actuarially determined contribution	\$4,723,474
Contribution deficiency (excess)	\$3,945,126
Covered employee payroll	\$38,838,197
Contribution as a percentage of covered employee payroll	22.3%

**Section 1.7: Sensitivity of the Net OPEB Liability**

<b>Discount Rate Sensitivity</b>	1% Decrease (3.52%)	Discount Rate (4.52%)	1% Increase (5.52%)
Net OPEB Liability (Asset)	\$160,412,402	\$140,942,518	\$124,905,046

<b>Healthcare Trend Rate Sensitivity</b>	1% Decrease (8% decreasing to 4%)	Healthcare Cost Trend Rates (9% decreasing to 5%)	1% Increase (10% decreasing to 6%)
Net OPEB Liability (Asset)	\$129,306,601	\$140,942,518	\$156,123,689

## Section 1.8: OPEB Expense Projection

Fiscal Year Ending 12/31	OPEB Liability (BOY)	Normal Cost	Interest	Deferred Outflow/Inflow	OPEB Expense
2016	\$140,942,518	\$4,258,286	\$6,399,987	(\$2,046,012)	\$8,612,260
2017	\$144,387,211	\$4,204,330	\$6,550,875	(\$2,046,012)	\$8,709,193
2018	\$147,824,010	\$4,149,232	\$6,703,395	(\$2,046,012)	\$8,806,614
2019	\$151,343,665	\$4,082,191	\$6,855,338	(\$2,046,012)	\$8,891,517
2020	\$154,766,277	\$4,001,475	\$7,003,167	(\$2,046,012)	\$8,958,629
2021	\$158,113,419	\$3,935,877	\$7,147,165	(\$2,046,012)	\$9,037,029
2022	\$161,347,521	\$3,865,535	\$7,288,617	(\$2,046,012)	\$9,108,140
2023	\$164,584,243	\$3,807,768	\$7,429,533	(\$2,046,012)	\$9,191,288
2024	\$167,781,414	\$3,743,602	\$7,567,578	(\$2,046,012)	\$9,265,167
2025	\$170,894,754	\$3,681,076	\$7,704,801	(\$2,046,012)	\$9,339,864
2026	\$174,053,140	\$3,613,400	\$7,843,244	(\$2,046,012)	\$9,410,632
2027	\$177,226,728	\$3,542,840	\$7,981,578	(\$2,046,012)	\$9,478,405
2028	\$180,383,163	\$3,458,742	\$8,123,125	(\$2,046,012)	\$9,535,855
2029	\$183,715,543	\$3,377,405	\$8,272,832	(\$2,046,012)	\$9,604,224
2030	\$187,238,448	\$3,278,034	\$8,423,185	(\$2,046,012)	\$9,655,207
2031	\$190,618,576	\$3,178,987	\$8,567,418	(\$143,221)	\$11,603,184
2032	\$193,863,893	\$3,061,820	\$8,701,838	\$0	\$11,763,658
2033	\$196,817,962	\$2,937,860	\$8,821,622	\$0	\$11,759,482
2034	\$199,408,050	\$2,805,843	\$8,923,465	\$0	\$11,729,308
2035	\$201,558,229	\$2,668,923	\$9,005,041	\$0	\$11,673,964
2036	\$203,236,351	\$2,525,499	\$9,065,562	\$0	\$11,591,061
<b>Total</b>		<b>\$74,178,725</b>	<b>\$164,379,366</b>	<b>(\$30,833,407)</b>	<b>\$207,724,684</b>

## Section 2: Supporting Documentation

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### Number of Participants in Valuation as of 12/31/2015

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Inactive employees or beneficiaries currently receiving benefit payments	516
Inactive employees entitled to but not yet receiving benefit payments	0
Active Employees	480
Total	996

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### Weighted Average Assumptions as of 12/31/2015

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Discount Rate	4.52%
Expected Long-Term Rate of Return on Assets	0.00%

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### Assumed Health Care Cost Trend

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2017	9.0%
2018	6.5%
2019	6.4%
2020	6.2%
2021	6.1%
2022	6.0%
2023	5.9%
2024	5.8%
2025	5.7%
2026	5.6%
2027	5.5%
2028	5.4%
2029	5.3%
2030	5.2%
2031	5.1%
2032 and later	5.0%

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# Section 3: Basis of Valuation

## Section 3.1: Plan Participants

## Section 3.2: Actuarial Basis

## Section 3.3: Assumptions

### **Section 3.1: Plan Participants**

The valuation includes all active employees and current retirees and their spouses who are currently receiving benefits under the retiree medical plan.

**Exhibit 3.1a: Count of Active Participants**

**Exhibit 3.1b: Count of Inactive Participants**



### Exhibit 3.1a: Count of Active Participants

Age	Years of Service							Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	
Under 20	1	0	0	0	0	0	0	1
20 - 24	8	0	0	0	0	0	0	8
25 - 29	53	7	0	0	0	0	0	60
30 - 34	39	15	11	0	0	0	0	65
35 - 39	18	13	19	6	0	0	0	56
40 - 44	16	7	12	31	6	0	0	72
45 - 49	4	3	9	13	17	8	0	54
50 - 54	12	7	2	11	21	28	3	84
55 - 59	4	3	3	15	10	15	5	55
60 - 64	0	3	0	3	5	3	4	18
65 - 69	0	0	0	1	1	2	2	6
70+	0	0	0	0	1	0	0	1
<b>Total</b>	<b>155</b>	<b>58</b>	<b>56</b>	<b>80</b>	<b>61</b>	<b>56</b>	<b>14</b>	<b>480</b>

#### Statistics for Active Participants

Average Age	43.5
Average Service	12.9
Percent Male	74.8%

**Exhibit 3.1b: Count of Inactive Participants**

Age	Single	Married	Total
Under 50	1	0	1
50 - 54	8	26	34
55 - 59	24	71	95
60 - 64	37	38	75
65 - 69	28	29	57
70 - 74	25	30	55
75- 79	19	24	43
80+	113	43	156
Total	255	261	516

## **Section 3.2: Actuarial Basis**

### **A. Funding Policy**

There are no assets that have been segregated and restricted to provide for retiree medical benefits.

### **B. Valuation of Assets**

In order to be considered as an asset under GASB45, the resource (stock, cash etc) must be segregated and restricted in a trust or equivalent arrangement. Employer contributions to the plan must be irrevocable, dedicated to providing retiree benefits and protected from creditors

### **C. Actuarial Cost Method**

Entry Age Actuarial Cost Method.

### Section 3.3: Assumptions

Discount Rate: 4.52% (Citi Pension Liability Index 20 year rate as of 12/31/2015).

Mortality Rates		
Age	Male	Female
20	0.000155	0.000089
25	0.000184	0.000097
30	0.000229	0.000129
35	0.000398	0.000230
40	0.000540	0.000329
45	0.000717	0.000519
50	0.000966	0.000765
55	0.002228	0.001345
60	0.003147	0.001935
65	0.004814	0.002974
70	0.007979	0.005057
75	0.013576	0.009155
80	0.024949	0.017103

Retirement Rates General Pattern					
Age	Normal		Early		
	Male	Female	Male	Female	
55			8.0%	6.1%	
56			8.0%	6.4%	
57	20%	17%	4.3%	4.2%	
58	20%	17%	5.3%	5.5%	
59	20%	17%	5.5%	5.3%	
60	20%	20%	7.5%	8.1%	
61	20%	20%	8.0%	7.0%	
62	27%	27%	14.0%	15.0%	
63	32%	28%	16.0%	15.0%	
64	24%	25%	17.0%	15.0%	
65	100%	100%	100.0%	100.0%	

Retirement Rates Protective Pattern		
Normal & Early		
Age	Male	Female
50	6%	4%
51	7%	4%
52	8%	5%
53	23%	17%
54	18%	25%
55	17%	21%
56	16%	27%
57	16%	30%
58	16%	30%
59	16%	30%
60	18%	26%
61	18%	15%
62	22%	20%
63	29%	40%
64	16%	40%
65	100%	100%

Termination Rates General			
Age	Service	Male	Female
	0	17.5%	19.5%
	1	13.0%	13.5%
	2	8.5%	10.0%
	3	6.8%	8.0%
	4	6.0%	7.4%
	5	4.5%	6.0%
	6	4.0%	5.0%
	7	3.5%	4.5%
	8	3.0%	4.0%
	9	2.5%	3.8%
25	10 & over	2.5%	3.8%
30		2.5%	3.3%
35		2.1%	2.8%
40		1.6%	2.2%
45		1.3%	1.8%
50		1.1%	1.6%
55		1.1%	1.5%
60		1.1%	1.5%

Termination Rates			
Protective			
Age	Service	Male	Female
	0	15.0%	4.0%
	1	7.0%	3.5%
	2	4.3%	2.1%
	3	3.8%	1.3%
	4	3.4%	1.2%
	5	2.6%	1.1%
	6	2.5%	1.0%
	7	2.3%	0.9%
	8	2.0%	0.8%
	9	1.7%	0.7%
25	10 & over	1.7%	0.7%
30		1.6%	0.7%
35		1.4%	0.7%
40		1.2%	0.6%
45		1.1%	0.6%
50		1.0%	0.5%
55		1.0%	0.5%
60		1.0%	0.5%

Disablement Rates					
Age	Protective		General		
	Male	Female	Male	Female	
20	0.01%	0.04%	0.01%	0.01%	
25	0.01%	0.04%	0.01%	0.01%	
30	0.01%	0.04%	0.01%	0.03%	
35	0.02%	0.04%	0.01%	0.04%	
40	0.03%	0.07%	0.04%	0.05%	
45	0.05%	0.13%	0.07%	0.07%	
50	0.08%	0.74%	0.15%	0.11%	
55	1.21%	0.54%	0.29%	0.20%	
60	2.04%	0.16%	0.51%	0.29%	

Monthly Claim Cost	
Age	
50	\$495.06
55	\$582.32
60	\$698.98
65+	\$623.00

Claim cost increased by annual trend.

Medical Trend	
2017	9.0%
2018	6.5%
2019	6.4%
2020	6.2%
2021	6.1%
2022	6.0%
2023	5.9%
2024	5.8%
2025	5.7%
2026	5.6%
2027	5.5%
2028	5.4%
2029	5.3%
2030	5.2%
2031	5.1%
2032 and later	5.0%

Monthly Rates		
	2016	2017
Active		
PPO		
Employee	\$591	\$646
EE + 1	\$1,158	\$1,265
Family	\$1,696	\$1,853
HDHP		
Employee	\$761	\$825
EE + 1	\$1,491	\$1,617
Family	\$2,183	\$2,367
Retirees Pre-65 (after 2013)		
PPO		
Employee	\$625	\$683
EE + 1	\$1,226	\$1,339
Family	\$1,795	\$1,961
HDHP		
Employee	\$805	\$891
EE + 1	\$1,578	\$1,711
Family	\$2,310	\$2,505
Retirees Pre-65 (before 2013)		
PPO		
Employee	\$768	\$833
EE + 1	\$1,506	\$1,633
Family	\$2,204	\$2,390
Medicare Plans		
1 under 65	\$623	\$676
1 under, 1 over	\$1,377	\$1,493
2 over	\$1,274	\$1,381

New Employees: None

Annual Salary Increase: 3%

Assumed Rate of Return on Plan Assets: N/A

Attribution Period:

The attribution period is the portion of a participant's service to which the expected postretirement benefit obligation is assigned. The beginning of the attribution period is the date of hire and the end of the attribution period is the earliest eligibility date.

Valuation Date: December 31, 2015



Plan Participation of Future Retirees: 100%

Plan Participation of Future Spouses: 100%

Percentage of Future Retirees Who are Married: 80%

Age Difference in Spouses: Husband is 3 years older

**AFSCME: Local 80 Public Works & Clerical Union,  
Non-Represented, Department Head (Includes City Attorney) & Mayor**

<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• If hired prior to April 1, 2008, eligible under WRS with a minimum of 10 years of continuous service with the City as a benefitted employee.</li> <li>• If hired on or after April 1, 2008, eligible under WRS with a minimum of 15 years of continuous service with the City as a benefitted employee.</li> </ul>
<b>Hired Prior to April 1, 2008</b>	
<b>OPEB</b>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>Upon attaining Medicare age, or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>Coverage/contributions will continue until the retiree stops paying his/her portion of the premiums or voluntarily cancels coverage. Upon death of the retiree, the surviving spouse and/or eligible dependents may continue health insurance following the guidelines named above; however, if the surviving spouse remarries or is employed by another employer providing 'more comprehensive or equivalent insurance' (applicable to retirees prior to 3-1-12), the City's health insurance obligation would permanently cease. (<b>Note:</b> If retired prior to 3-1-12, a retiree must be enrolled in health insurance in order for his/her spouse and/or eligible dependents to be enrolled; the only exception is upon a retiree's death or enrollment in Medicaid/Title 19.)</p>
<b>Hired On or After April 1, 2008</b>	
<b>OPEB</b>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>The City will cease to contribute and provide health insurance to any covered member included in the retiree's plan upon that individual's Medicaid/Title 19/Medicare Parts A and/or B eligibility or upon attaining Medicare age; all other covered members shall remain participants in the City's retiree health insurance program (City shall continue applicable contribution for such individuals) until a subsequent qualifying event (non-payment of premiums, cancellation of coverage, or remarriage) occurs that would otherwise terminate their coverage.</p>

**Aldermen & Municipal Judge**

<p><b>Eligibility</b></p>	<ul style="list-style-type: none"> <li>• If elected prior to April 1, 2008, eligible under WRS and completed a minimum of 2 four-year terms.</li> <li>• If elected on or after April 1, 2008, eligible under WRS with a minimum of 15 years of continuous service with the City.</li> </ul>
<p><b>Elected Prior to April 1, 2008</b></p>	
<p><b>OPEB</b></p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree’s medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City’s contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>Upon attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B, the City’s contributions will be adjusted to 50% of the City’s Medicare supplemental plans.</p> <p>Coverage/contributions will continue until the retiree stops paying his/her portion of the premiums or voluntarily cancels coverage. Upon death of the retiree, the surviving spouse and/or eligible dependents may continue health insurance following the guidelines named above; however, if the surviving spouse remarries or is employed by another employer providing ‘more comprehensive or equivalent insurance’ (applicable to retirees prior to 3-1-12), the City’s health insurance obligation would permanently cease. <b>(Note:</b> If retired prior to 3-1-12, a retiree must be enrolled in health insurance in order for his/her spouse and/or eligible dependents to be enrolled; the only exception is upon a retiree’s death or enrollment in Medicaid/Title 19.)</p>
<p><b>Elected On or After April 1, 2008</b></p>	
<p><b>OPEB</b></p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree’s medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City’s contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>The City will cease to contribute and provide health insurance to any covered member included in the retiree’s plan upon that individual’s Medicaid/Title 19/Medicare Parts A and/or B eligibility or upon attaining Medicare age; all other covered members shall remain participants in the City’s retiree health insurance program (City shall continue applicable contribution for such individuals) until a subsequent qualifying event (non-payment of premiums, cancellation of coverage, or remarriage) occurs that would otherwise terminate their coverage.</p>

**West Allis Federation of Nurses**

<p><b>Eligibility</b></p>	<ul style="list-style-type: none"> <li>• If hired prior to July 1, 2008, eligible under WRS with a minimum of 10 years of continuous service with the City as a benefitted employee.</li> <li>• If hired on or after July 1, 2008, eligible under WRS with a minimum of 15 years of continuous service with the City as a benefitted employee.</li> </ul>
<p><b>Hired Prior to March 1, 2012</b></p>	
<p><b>OPEB</b></p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>Upon attaining Medicare age, or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>Coverage/contributions will continue until the retiree stops paying his/her portion of the premiums or voluntarily cancels coverage. Upon death of the retiree, the surviving spouse and/or eligible dependents may continue health insurance following the guidelines named above; however, if the surviving spouse remarries or is employed by another employer providing 'more comprehensive or equivalent insurance' (applicable to retirees prior to 3-1-12), the City's health insurance obligation would permanently cease. (<b>Note:</b> If retired prior to 3-1-12, a retiree must be enrolled in health insurance in order for his/her spouse and/or eligible dependents to be enrolled; the only exception is upon a retiree's death or enrollment in Medicaid/Title 19.)</p>
<p><b>Hired On or After March 1, 2012</b></p>	
<p><b>OPEB</b></p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>The City will cease to contribute and provide health insurance to any covered member included in the retiree's plan upon that individual's Medicaid/Title 19/Medicare Parts A and/or B eligibility or upon attaining Medicare age; all other covered members shall remain participants in the City's retiree health insurance program (City shall continue applicable contribution for such individuals) until a subsequent qualifying event (non-payment of premiums, cancellation of coverage, or remarriage) occurs that would otherwise terminate their coverage.</p>

**Engineering Technicians & Aides Association**

<p><b>Eligibility</b></p>	<ul style="list-style-type: none"> <li>• If hired prior to August 1, 2008, eligible under WRS with a minimum of 10 years of continuous service with the City as a benefitted employee.</li> <li>• If hired on or after August 1, 2008, eligible under WRS with a minimum of 15 years of continuous service with the City as a benefitted employee.</li> </ul>
<p><b>Hired Prior to March 1, 2012</b></p>	
<p><b>OPEB</b></p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>Upon attaining Medicare age, or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>Coverage/contributions will continue until the retiree stops paying his/her portion of the premiums or voluntarily cancels coverage. Upon death of the retiree, the surviving spouse and/or eligible dependents may continue health insurance following the guidelines named above; however, if the surviving spouse remarries or is employed by another employer providing 'more comprehensive or equivalent insurance' (applicable to retirees prior to 3-1-12), the City's health insurance obligation would permanently cease. <b>(Note:</b> If retired prior to 3-1-12, a retiree must be enrolled in health insurance in order for his/her spouse and/or eligible dependents to be enrolled; the only exception is upon a retiree's death or enrollment in Medicaid/Title 19.)</p>
<p><b>Hired On or After March 1, 2012</b></p>	
<p><b>OPEB</b></p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>The City will cease to contribute and provide health insurance to any covered member included in the retiree's plan upon that individual's Medicaid/Title 19/Medicare Parts A and/or B eligibility or upon attaining Medicare age; all other covered members shall remain participants in the City's retiree health insurance program (City shall continue applicable contribution for such individuals) until a subsequent qualifying event (non-payment of premiums, cancellation of coverage, or remarriage) occurs that would otherwise terminate their coverage.</p>

**West Allis Professional Police Association**

<p><b>Eligibility</b></p>	<ul style="list-style-type: none"> <li>• If hired prior to April 1, 2008, eligible under WRS with a minimum of 10 years of continuous service with the City as a benefitted employee.</li> <li>• If hired on or after April 1, 2008, eligible under WRS with a minimum of 15 years of continuous service with the City as a benefitted employee.</li> </ul>
<p><b>Hired Prior to March 1, 2016</b></p>	
<p><b>OPEB</b></p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree’s medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City’s contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>Upon attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B, the City’s contributions will be adjusted to 50% of the City’s Medicare supplemental plans.</p> <p>Coverage/contributions will continue until the retiree stops paying his/her portion of the premiums or voluntarily cancels coverage. Upon death of the retiree, the surviving spouse and/or eligible dependents may continue health insurance following the guidelines named above; however, if the surviving spouse remarries or is employed by another employer providing ‘more comprehensive or equivalent insurance’ (applicable to retirees prior to 3-1-16), the City’s health insurance obligation would permanently cease. (<b>Note:</b> If retired prior to 3-1-16, a retiree must be enrolled in health insurance in order for his/her spouse and/or eligible dependents to be enrolled; the only exception is upon a retiree’s death or enrollment in Medicaid/Title 19.)</p>
<p><b>Hired On or After March 1, 2016</b></p>	
<p><b>OPEB</b></p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree’s medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City’s contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>The City will cease to contribute and provide health insurance to any covered member included in the retiree’s plan upon that individual’s Medicaid/Title 19/Medicare Parts A and/or B eligibility or upon attaining Medicare age; all other covered members shall remain participants in the City’s retiree health insurance program (City shall continue applicable contribution for such individuals) until a subsequent qualifying event (non-payment of premiums, cancellation of coverage, or remarriage) occurs that would otherwise terminate their coverage.</p>

**West Allis Professional Fire Fighter’s Association**

<p><b>Eligibility</b></p>	<ul style="list-style-type: none"> <li>• If hired prior to February 1, 2009, eligible under WRS with a minimum of 10 years of continuous service with the City as a benefitted employee.</li> <li>• If hired on or after February 1, 2009, eligible under WRS with a minimum of 15 years of continuous service with the City as a benefitted employee.</li> </ul>
<p><b>Hired Prior to March 1, 2016</b></p>	
<p><b>OPEB</b></p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree’s medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City’s contributions (frozen amount) will continue in this manner until attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>Upon attaining Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B, the City’s contributions will be adjusted to 50% of the City’s Medicare supplemental plans.</p> <p>Coverage/contributions will continue until the retiree stops paying his/her portion of the premiums or voluntarily cancels coverage. Upon death of the retiree, the surviving spouse and/or eligible dependents may continue health insurance following the guidelines named above; however, if the surviving spouse remarries, <u>or</u></p> <ul style="list-style-type: none"> <li>• is employed by another employer providing ‘<i>more comprehensive or equivalent insurance</i>’, the City’s health insurance obligation would <u>permanently cease</u> (applicable to individuals who retired prior to 3-1-13); <u>or</u></li> <li>• is employed by another employer providing ‘<i>any</i>’ health coverage, the City’s insurance obligation would cease (applicable to individuals who retired 3-1-13 to 2-29-16); <u>or</u></li> </ul> <p>(Note: if retired 3-1-13 through 2-19-16: upon an individual’s (i.e. the retiree, spouse and/or dependent) eligibility for other health insurance coverage, the coverage with the City for that individual would cease. If the individual is the retiree, then coverage with the City for all members (i.e. the retiree, spouse and/or dependent) would cease. Upon loss of other insurance coverage, the individual (i.e. the retiree, spouse and/or dependent) may be eligible to re-enroll in the City’s coverage provided they meet the eligibility requirements contained within this Policy and/or the City’s insurance plan(s).)</p> <ul style="list-style-type: none"> <li>• is employed by another employer providing ‘<i>any</i>’ health coverage, the City’s insurance obligation would <u>permanently cease</u> (applicable to individuals who retired on or after 3-1-16).</li> </ul> <p>(<b>Note:</b> If retired prior to 3-1-13, a retiree must be enrolled in health insurance in order for his/her spouse and/or eligible dependents to be enrolled; the only exception is upon a retiree’s death or enrollment in Medicaid/Title 19.)</p>
<p><b>Hired On or After March 1, 2016</b></p>	
<p><b>OPEB</b></p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree’s medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City’s contributions (frozen amount) will continue in this manner until attaining</p>

	<p>Medicare age or becoming eligible for Medicaid/Title 19/Medicare Parts A and/or B.</p> <p>The City will cease to contribute and provide health insurance to any covered member included in the retiree's plan upon that individual's Medicaid/Title 19/Medicare Parts A and/or B eligibility or upon attaining Medicare age; all other covered members shall remain participants in the City's retiree health insurance program (City shall continue applicable contribution for such individuals) until a subsequent qualifying event (non-payment of premiums, cancellation of coverage, or remarriage) occurs that would otherwise terminate their coverage.</p>
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### Section 3.4: Description of GASB 74/75 Terms

**Actuarially Determined Contribution:** A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

**Entry Age Actuarial Cost Method:** A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual of the individual between entry age and assumed exit age.

**OPEB Liability:** That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of OPEB benefits and expenses which is not provided for by future Normal Costs.

**Service Cost:** That portion of the Actuarial Present Value of OPEB benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

# Certification

I have prepared the attached actuarial valuation of the City of West Allis Postretirement Medical Benefit Programs in accordance with Statements of Governmental Accounting Standards No. 74/75.

We have based the valuation on financial and census data which were provided to us by the City of West Allis. We have not audited the data beyond a check for reasonableness.

All costs, liabilities, and other factors associated with the valuation of this plan have been determined in accordance with generally accepted actuarial principles and procedures, and are consistent with the provisions of SGAS 74/75, including the Actuarial Standard of Practice No. 6 for Measuring Retiree Group Benefit Obligations (American Academy of Actuaries).

The actuarial computations under Statements of Governmental Accounting Standards contained in this report are for the sole purpose of fulfilling employer accounting requirements. The use of the results of this report for other purposes may lead to inappropriate conclusions.



Sheryl Henry, FSA, MAAA  
July 24, 2017

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