

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

Issued under authority of 2014 Public Act 34. Filing is mandatory to qualify for payments.

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

1. Certify to the Michigan Department of Treasury (Treasury) that the local unit listed below has produced and made readily available to the public, an Unfunded Accrued Liability Plan. The plan shall be made available for public viewing in the clerk's office or posted on a publicly accessible Internet site as required by 2014 Public Act 34.
2. Submit to Treasury an Unfunded Accrued Liability Plan, if selecting Option 1 of Part 2 below.

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

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

PART 1: LOCAL UNIT INFORMATION			
Local Unit Name City of Auburn Hills		Local Unit County Name Oakland	
Local Unit Code 632005		Contact E-Mail Address gbarnes@auburnhills.org	
Contact Name Gary L. Barnes	Contact Title Finance Director	Contact Telephone Number (248) 364-6817	Extension
Website Address, if plan is available online www.auburnhills.org			Date of Last Audited Financial Report 12/31/13
PART 2: STATEMENT OF UNFUNDED ACCRUED LIABILITIES			
Indicate the option that pertains to your local unit:			
<input checked="" type="checkbox"/> 1. Unfunded Accrued Liabilities Exist A local unit who has unfunded accrued liabilities pertaining to pensions or other post-employment benefits must attach a plan as required by 2014 Public Act 34.			
<input type="checkbox"/> 2. No Unfunded Accrued Liabilities Exist A local unit who does not have any unfunded accrued liabilities pertaining to pensions or other post-employment benefits must provide, in the box below, an explanation of why the local unit does not have any unfunded accrued liabilities.			
PART 3: CERTIFICATION			
<i>In accordance with 2014 Public Act 34, the undersigned hereby certifies to Treasury that the above mentioned local unit has produced an Unfunded Accrued Liability Plan and has made the plan available for public viewing in the city, village, township or county clerk's office, or has posted the plan on a publicly accessible Internet site. The Unfunded Accrued Liability Plan, if required, is attached to this signed certification.</i>			
Chief Administrative Officer Signature (as defined in MCL 141.422b)		Printed Name of Chief Administrative Officer (as defined in MCL 141.422b)	
		Peter E. Auger	
Title City Manager		Date 05/22/14	

Completed and signed form (including required attachment, if selected option 1) should be e-mailed to: TreasRevenueSharing@michigan.gov

If you are unable to submit via e-mail, fax to (517) 335-3298, or mail the completed form and required attachment (if selected option 1) to:

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

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

**Economic Vitality Incentive Program/County Incentive Program
 FY 2014 Unfunded Accrued Liability
 City of Auburn Hills Employee Pension Plan**

**Local Unit Name: City of Auburn Hills
 Local Unit Code: 632005**

PREVIOUS ACTION TAKEN TO REDUCE UNFUNDED ACCRUED LIABILITIES

Unfunded Accrued Liability Type	Previous Actions Taken
1 Pension	Defined benefit pension plan limited to full-time employees.
2 Pension	Defined benefit pension plan eliminated for all full-time employees hired after January 1, 2000. Remaining active employees in pension has decreased from 86 in the 2002 actuary valuation to 48 in the 2012 actuary valuation.
3 Pension	City's total contributions since 2002 have exceeded the actuary's recommended annual contributions. In 2008 besides recommended actuary contribution, the City made an extra contribution of \$6.3 million to pension plan.
4 Pension	Analyze unfunded accrued liability trend from the annual actuary report. The funded ratio has increased every year since the 12/31/2002 actuary valuation with the exception of 2008 when the national economy experienced substantial investment market declines. Since 2002, the funded ratio has increased from 51.2% to 94.9%. The unfunded pension liability has declined from \$13.5 million in 2002 to \$2.4 million in the 2012 actuary valuation.
5 Pension	The lifetime non-compounding annual cost of living allowance (COLA) was limited to 15 years. More recently, the annual COLA was decreased from 5.0% to 2.5% for pension eligible employees retiring on or after January 1, 2012.
6 Pension	The City has maintained a 5.0% wage increase assumption in its annual actuary report which is conservative compared to actual wage increases which have not exceeded 3.0% since 2006 and are not expected to exceed 2.0% based on current agreements in place before 2018.
7 Pension	Effective January 1, 2014, employee contribution percent to the Pension plan increased by 1.0% for patrol officers and police service officers (dispatch personnel).

Unfunded Accrued Liability Type	How Will the City Continue to Implement and Maintain Previous Actions Taken
1 Pension	City will continue to have an annual actuary report completed each year.
2 Pension	City will continue to meet or exceed the recommended the required contribution recommended by the actuary.

Unfunded Accrued Liability Type	Additional Actions that Could Be Implemented
1 Pension	Authorize extra contributions if investment losses caused the unfunded liability to increase.
2 Pension	Increase the percent of contributions required by active employees participating in the defined benefit pension plan.
3 Pension	Change how overtime compensation is used to determine the pension benefit of employees participating in the defined benefit pension plan.

**Economic Vitality Incentive Program/County Incentive Program
 FY 2014 Unfunded Accrued Liability
 City of Auburn Hills Retiree Health Care Plan**

Local Unit Name: City of Auburn Hills

Local Unit Code: 632005

PREVIOUS ACTION TAKEN TO REDUCE UNFUNDED ACCRUED LIABILITIES

Unfunded Accrued Liability Type	Previous Actions Taken
1 Retiree Health Care	Retiree Health Care plan limited to full-time employees.
2 Retiree Health Care	Retiree Health Care plan eliminated for all full-time employees hired after January 1, 2012. New full-time hires participate in a Retiree Health Savings plan. Active employees eligible for the Retiree Health Care plan declined from 148 at 12/31/012 to 131 at 12/31/2013.
3 Retiree Health Care	City's total contributions since 2007 have exceeded the actuary's recommended annual contributions. In 2007 besides the recommended actuary contribution, the City made an extra contribution of \$2.8 million to pension plan. In 2008 the City made an extra contribution of \$643,000.
4 Retiree Health Care	Analyze unfunded accrued liability trend from the annual actuary report. The funded ratio has increased every year since the 12/31/2006 actuary valuation with the exception of 2008 when the national economy experienced substantial investment market declines. Since the 2006 actuary valuation, the funded ratio has increased from 21.0% to 55.1%. The unfunded pension liability has declined from \$11.9 million in 2006 to \$9.5 million in 2012.

Unfunded Accrued Liability Type	How Will the City Continue to Implement and Maintain Previous Actions Taken
1 Retiree Health Care	City will continue to have an annual actuary report completed each year.
2 Retiree Health Care	City will continue to meet or exceed the recommended the required contribution recommended by the actuary.

Unfunded Accrued Liability Type	Additional Actions that Could Be Implemented
1 Retiree Health Care	If the City experienced investment losses that resulted in the unfunded amount increasing, the City would take action to consider another special contribution in excess of the actuary's recommended contribution in order to continue reducing its unfunded accrued liability.
2 Retiree Health Care	Implement a program that requires contributions by retirees based on a percent of the health care premiums paid by City.