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Pension Liabilities in Cities with Declining Populations: Case Studies throughout Michigan

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Executive Summary

In Michigan, several cities have underfunded their retiree pension plans and healthcare programs, forcing them to make changes to their plan or inject new funds to provide the promised benefits to their city workers and retirees. Two state bills, PA 202 in 2017 and PA 166 in 2022, sought to help make the funding more transparent and provide funding assistance to cities in Michigan. This paper evaluates the changes these bills brought to the cities' funding of their pension plans and uses five case studies to gain a variety of perspectives on the impact of these bills. Overall, the study shows that the examined cities used a variety of strategies to improve funding levels, though some who had the foresight to make changes before they were required were left out of the benefits of state aid.

Introduction

A key benefit to accepting a position working for a city often lies in the pension plan and "other post-employment benefits" (OPEB), which provide a healthcare plan and steady payments to employees for the rest of their lives, provided they work a certain number of years. These plans require cities to put away a large block of funds in a pension fund and then contribute more money into the pension fund every year based on an actuary's estimated rate of returns, plan participant mortality, number of current eligible employees, and various other factors. To be funded, a city must have a certain percentage of its projected liabilities in a pension fund. The pension plan must stay funded for a city to avoid dramatically reducing benefits or redirecting current budgetary funding to make up the difference, which can impact the quality of city services and upset taxpayers.

In practice, keeping pensions fully funded is extremely difficult. Primarily, reelection priorities and overoptimistic actuarial

<u>*Definitions*</u>

OPEB: "Other Post-Employment Benefits," or benefits after retirement that aren't direct payments. Usually refers to healthcare benefits.
ADC: Actuarily Determined Contribution. The amount of money that the actuary, or overseer of the pension fund, determines that the city should contribute to keep the plan funded or achieve full funding over a certain period of time.
FAC: Final Average Compensation. Calculated differently based on the plan, this number represents the average compensation over a certain period of time and is used to determine the amount of money paid out to retirees.
Multiplier: This number is multiplied by the FAC and employee years of service to determine the value of an employee pension, usually around 2% (.02).
Defined Benefit (DB) Plan: A typical pension plan in which a specific retirement benefit is provided for each employee by the employer based on a calculation.
Defined Contribution (DC) Plan: Also known as a 401(k), these plans allow employees to invest in funds and securities to save for retirement, and the benefits received depend on what an employee puts in.
Medicare Advantage Plan: Private plans that provide all Medicare-covered benefits and typically include extra benefits such as dental, vision, hearing, and drug coverage for no additional premium. Medicare provides a payment per retiree to the private insurer to cover all Medicare benefits, along with a package of extra benefits for retirees in the group. These plans are available to Medicare-eligible retirees and employees and allow municipalities to simplify their coverage and reduce their retiree health liability.
CAP: Corrective Action Plan. A plan that a unit of government is required to publish when their pension or OPEB benefits are deemed underfunded. The plan indicates how they will get their plan back to funded status.
MERS: Municipal Employees Retirement System. Nonprofit group created to administer the retirement plans of Michigan municipalities.

assumptions can lead to municipal governments saving insufficient funds[1]. Politicians and union leaders may be more concerned with reflecting the priorities of their constituents, resulting in unpopular ideas like setting money aside for a pension plan or cutting plan benefits being pushed aside in favor of more politically popular initiatives. When in a budget crunch, pension contributions are often one of the easiest things to cut due to the consequences not materializing for at least several years.

Across the United States today, there is an estimated total of 1.6 trillion dollars of unfunded state and local pension liabilities[2]. In Michigan, a task force titled *Responsible Retirement Reform for Local Government* published a report for the governor in 2017. They found that the total underfunded liability for pension plans in the state was 7.46 billion dollars, with 10.13 billion dollars of unfunded OPEB, or health care plan, liabilities[3]. In 2017, the average funding ratio, or the amount saved to pay out pensions divided by the amount owed, for a Michigan municipal public pension plan was 78%, which landed about 2.5 points under the average funding rate for plans across the United States[4].

To combat what the state government perceived as an unacceptable level of underfunded liabilities, the State Legislature passed Public Act 202 in 2017, titled the Protecting Local Government Retirement and Benefits Act. This act standardized how cities create their actuarial assumptions, including mortality rate, discount rate, and health care costs, to make funded ratios more comparable. It also mandated the reporting of their plan's funding status to a state board and defined criteria to determine whether a plan is underfunded: a retirement plan is underfunded if its funded ratio is less than 60% and the actuarially determined contribution (ADC) is more than 10% of city revenue, while an OPEB plan is underfunded if the funded ratio is less than 40% and the ADC is more than 12% of city revenue[5]. In the case that a plan is underfunded, the city must submit a Corrective Action Plan (CAP) to the state board for approval. This plan includes strategies for improving the funding status of the plan. The state published a guide for

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[1] Knapp, D., Asch, B. J., Armour, P., & Okuda-Lim, Z. (2023, June 30). *Steps for Effectively Addressing State and local pension Crises: A Prototype Road Map for stakeholders*. RAND. https://www.rand.org/pubs/research_briefs/RBA2307-1.html

[2] *State and local government pensions*. (2021, December 31). Urban Institute. https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-and-local-backgrounders/state-and-local-government-pensions

[3] Poam. (2017, September 22). *Governor's Task Force Report of Findings & Recommendations*. Police Officers Association of Michigan. https://www.poam.net/legislative-updates/task-force-report/

[4] Samuels, R. (2024, July 15). *State, municipal retirement systems remain stuck in 'Pension debt paralysis' | PLANSPONSOR*. PLANSPONSOR. https://www.plansponsor.com/state-municipal-retirement-systems-remain-stuck-in-pension-debt-paralysis/

[5] *MCL - Section 38.2810 - Michigan Legislature*. (n.d.). https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-38-2810

strategies cities can use to find their plans, which include increasing participant contributions for health care, contributing in excess of the ADC, decreasing the number of hours that count towards pension payouts, and changing the structure of the plan to shift the payment burden from the city to participants.

The legislature furthered its commitment to getting all pensions to funded status in 2022 with the passage of Public Act 166, which established the Protecting MI Pension Grant Program. PA 166 appropriated $750 million to establish and operate a grant program available for retirement systems at a funding level below 60%[6]. By mid-2023, the state had provided grants to 126 qualifying local units with an average amount of $4,4 million. The largest grant went to Flint, which received $170 million in assistance for their pension plan. The program also required cities accepting funds to adhere to a binding correction plan[7]. Notably, these grants only applied to underfunded pension plans, and no similar provision for underfunded OPEB plans has been established. This approach was somewhat controversial, as some cities that had previously either issued bonds to cover pension liabilities or implemented changes that got them to a 60% funding level were left without assistance, while cities that delayed the implementation of effective changes were arguably rewarded with grants, potentially disincentivizing the future adoption of policies to fund pension plans.

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[6] *Protecting MI Pension Grant Program*. (n.d.). https://www.michigan.gov/treasury/local/grants/protecting-mi-pension-grant-program

[7] Trujillo, M. (2023, November 3). The way Michigan's pension reform tackles public pension debt is a model for other states. *Reason Foundation*. https://reason.org/commentary/the-way-michigans-pension-reform-tackles-public-pension-debt-is-a-model-for-other-states/#%3A~%3Atext%3DIn%20response%20to%20the%20rising%2Cthe%20disbursement%20of%20state%20funding

Methodology

This study uses data from 5 cities in Michigan with declining populations. These cities were selected due to shrinking cities' tendency to have difficulty with pension costs due to a shrinking tax base. Facing this challenge, the selected cities developed a diverse set of strategies to fund their pension plans and healthcare benefits.

Emails were sent to the city managers of these five cities requesting a ~30-minute interview, including a list of questions that would be asked each in the interview covering the changes they had made to their plans since reporting was mandated in 2017. If the city manager was unavailable, an interview with a financial director was requested. Interviews were scheduled and completed with the city manager of Battle Creek, the Fiscal Services Director of Bay City, and the Chief Financial Officer of Kalamazoo. Interviews were not able to be conducted with Port Huron or Saginaw.

For all cities, all pension-related documents they were required to publish since 2017 were explored, including audits submitted to the state detailing the funded status of their various plans and any required CAPs. Every city besides Kalamazoo had a published CAP for their pension or OPEB plans. While many cities had OPEB funded below 40% at one point since 2017, only Battle Creek and Saginaw had an ADC/revenue high enough to meet the state's definition of underfunded and necessitate a CAP.

Case Studies

Kalamazoo

Kalamazoo, a city on the west side of the state, is home to a slowly declining population of about 73,000 and is best known as the home of Western Michigan University. Kalamazoo's pension plan has been funded well over 100% for the past 15 years, which the city's CFO credits to strong investment returns and offering a good benefit without expanding benefits recklessly. They carefully consider any changes made to the pension plan, and the city hasn't had to contribute to the plan in the last 20 years, being held by the strong investment returns. Their Chief Financial Officer Steve Vicenzi credits the plan with helping the city to hire and retain strong city employees while many other cities lose quality candidates after switching to a defined contribution plan.

The City's OPEB funding, however, is a different story. Though the city closed its retiree health care plan to new hires in 2012, the plan has struggled with underfunding since well before the passage of PA 202. To tackle this debt, the city needed to make changes to the health care plan the retirees were currently enrolled in. Since these changes only applied to retirees, they didn't have to work with current employees and unions to implement these changes. However, the CFO mentioned that the city was proud of the town hall and roundtable discussions they had with retirees and that they considered their concerns when making changes. These discussions occurred through a *Legacy Costs Task Force*, which was created to help city workers and retirees work out common-sense solutions to pension reform. They worked with retiree groups through town halls and open house meetings, with assurances from the city that their benefits would remain "comparable or better."

At the request of the Health Care Committee, a division of the task force, the city issued legacy cost bonds in 2015 to cover some of its OPEB liabilities. They issued $90 million worth of bonds on what was a $188 million health care liability. Without intervention, the city was projected to be paying $14 million per year out of the general fund by 2028, which they had deemed unsustainable[8]. The city also assumed (correctly) that the strategy would result in a net financial gain. The 30-year bonds were issued at a rate of 4.9%, but the city estimated it would earn a 7.5-8% rate of return of 7.5-8% on the newly invested assets. Normally, these earnings would have to be paid back to the IRS, but they received an exemption that allowed them to retain the arbitrage. While they have successfully navigated the arbitrage and improved the plan's funded ratio, as of 2024, the city still owes about $70 million on the bonds.

However, while the OPEB bond strategy change briefly improved OPEB plan's funded ratio to 60% by 2016 (57.4% after the passage of PA 202 in 2017), the city quickly regressed. By 2021,

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[8] Emily Monacelli. (2014, December 16). Issuing $90 million in retiree health care bonds is best of "painful options," Kalamazoo city commissioner sa. *Mlive*. https://www.mlive.com/news/kalamazoo/2014/12/kalamazoo_city_commission_90_m.html

the city had a net position of $104,915,287 on a liability of $232,596,572 (31% funded). After switching to a Medicare Advantage plan, they saw their funded ratio move to 87.9%. This switch allowed them to partner their plan with Medicare to get lower costs for retirees while providing a "comparable or better" standard of care to their retirees. Once this was implemented, the immediate jump in the funded ratio came as soon as the actuaries factored the city's far-decremented projected expenditures into their forecasts.

Saginaw

The City of Saginaw's pension plan funding levels have declined since the reporting requirements began. Their retirement pension plan has become about 8 points less funded, from 51.7% in 2017 to 43.1% in 2023, while their healthcare funding levels have only increased from 0 to 3%. This comes despite high Actuarily Determined Contributions to their OPEB plan, which Saginaw has regularly failed to meet. The lack of improvement comes despite Saginaw closing their Defined Benefit plan to new hires and switching to a hybrid plan beginning in 2000. Their corrective action plan indicated a willingness to reduce their plan multiplier and compensation included in the FAC. Still, other than a decrease in the multiplier for Fire employees that took effect for employees hired after 2015 and a slight restructuring of their FAC, few changes were made to employee contributions, FAC, or plan multipliers from 2016-2023.

Saginaw received over $38 million in a Protecting MI Pension grant in 2023 to assist with their underfunded retirement system. The hope is that this will get them over the 60% threshold and allow them to stay at that funded ratio, as the city met the Actuarily Defined Contribution for MERS in 2023 and 2024 for the second and third time since the passage of PA 202, despite it reaching $20,000,000 per year.

Their 2017 corrective action plan for OPEB showed a similar pattern. Saginaw closed the plan to new hires in 2009, replacing it with a health care savings plan. The city continued to increase co-pays and deductibles over the next few years to reduce its liabilities. Saginaw also set up a trust fund for OPEB. Since 2019, Saginaw has not met its actuarily determined contribution for OPEB benefits. From 2017 to 2023 however, their net OPEB liability did decrease from $281,963,003 to $86,966,992 due to additional divisions being switched to Medicare Advantage Plans and a couple of increases to the discount rate.

Battle Creek

Battle Creek presents a different type of situation – like many cities, they separate their pension plan into a Police and Fire Plan and a standard MERS plan. The Police and Fire pension plan has been funded by a millage since the 1960s and has been flexed up several times, with the city commissioners most recently approving a .185 mill increase to put the millage at 5.588 mills for the 2020 fiscal year. While the millage kept the Police and Fire Pension plan at about 75% funded since the passage of PA 202, the MERS plan has faced more difficulties. While this plan has consistently fluctuated near the 60% funded threshold, PA 202 increased the visibility of this slight underfunding. Challenges include a more than 50% decrease in the number of employees since they were at their highest funding levels, which rapidly decreases the funding ratio due to fewer employee contributions alongside the weakening tax base. Though the possibility has been raised several times, elected officials in the city have been very resistant to dropping the defined benefit due to its help in recruiting and retaining employees.

To get everyone on the same page in 2014, the city created a *legacy costs committee* of city officials and community members to discuss the city's pension plans and their liabilities. After PA 202, the city decided to implement employee contributions to the plan and increase those by 1% each year. This didn't change the plan's overall fiscal sustainability much, as the plan continued to hover around 60% funded. The unions were given a voice in these changes through the legacy costs commission, which was helpful in creating a dialogue with them when the time came to bargain with each unit on the 2017 CAP. A key in these negotiations was emphasizing the values of the defined benefit both for recruitment and current employees, and that changes were needed to keep it. Despite the technically underfunded status and need for the CAP, the city still feels like its pension plan is in a good place as it is consistently close to 60% funded, especially given that a flat or slightly declining population creates little increased revenue. Because of this, the city manager expressed gratitude for the $5,116,280 in funds they received from PA 166 to help them stay at 60% funded as there aren't many other sources to draw that revenue from.

Their OPEB plan has been an entirely different situation – Battle Creek has had a steadily increasing funded ratio, with their ratio now sitting around 30%. The city has remained out of corrective action since they've kept their ADC/revenue below 12%. The city has a longstanding requirement that when you reach a certain age you need to contribute a certain amount to a retiree health savings account. After the passage of PA 152 in August 2011, which limited how much municipalities can pay for healthcare benefits, Battle Creek adopted an "80-20" plan in which they cover 80% of employee healthcare costs and leave the other 20% to the employees. While this change was mandated by state law, it helped the city improve its OPEB funding levels. Some groups have been pushing for the city to offer more benefits, but since Gen X is starting to retir,e the plans have become more expensive, making this change unfeasible.

Bay City

Like Battle Creek, Bay City has separate plans for Public Safety and Fire, MERS, and OPEB. While their MERS plan has consistently stayed above 60% funded, their Public Safety and Fire plan dipped below 60% briefly in 2020, and their OPEB plan was only 12.85% funded in 2017 before slowly increasing funding levels in the ensuing years. The MERS plan has been closed since 1997 with only a few active employees still on it (and most of them eligible for retirement), while the Public Safety and Fire plan is the only open DB plan in the city.

The city's fiscal services director credits PA 202 with inspiring the city to create some changes due to its disclosure requirements. While the director maintains the dip below 60% funded in the 2020 valuation of the police and fire plan was temporary, and due to a dip in the market value of the assets, the OPEB plan needed some significant changes. Originally, all departments were paying for healthcare costs out of their departmental budgets, but they often underbudgeted, and the general fund had to make up for the shortfalls. To allocate funds more efficiently, the city decided to allocate funds from the general fund to each department for retiree healthcare and increase the amount of money the city put aside for this purpose. While they previously weren't meeting the ADC for OPEB, they were able to build up to it through this allocation process.

The city was able to negotiate with employees before changing the structure of their plan in 2013 to agree that retirees will have a health care benefit moving forward that will be equal to current employees rather than equal to the benefit they had when they were employed. This gave the city flexibility to change its plan for current employees and retirees at once, which gave them more room to cut costs across the board. Around 2013, the city also transferred all Medicare-eligible people to a Medicare Advantage plan, which keeps costs fixed for the city by having Medicare pay for most healthcare costs, with the city no longer responsible for the costs of specific appointments or prescriptions. The fiscal services director noted that as opposed to the MERS and Public Safety and Fire plans, there is very little in state law that requires the city to contribute the actuarially determined amount to their OPEB plan.

Previous changes in pension plans had also put the city in a rough position. In some cases, multiplier increases in Bay City's DB plans have applied to all previous years of service, resulting in the employee being owed much more money than the actuary and city had accounted for. The fiscal services director has suggested having changes in the pension multiplier apply only to future years of service to mitigate the fiscal impact. This change is currently being considered by the city. Right now, the city is focused on contributing the actuarially recommended amount and hoping that the progress will continue.

While Bay City was not eligible to receive funding under the Protecting MI Grants program, the city found out about the Michigan Local Retirement Grant, which was adopted in 2024 and allocated funds to assist cities that contributed more than 22% of their governmental funds into their retirement systems. The city currently has a tentative agreement with the state for a 2.2 million dollar grant to split between OPEB, MERS, and Public Safety and Fire plans.

These changes have allowed Bay City to have all their pension plans funded over 60% and trending in a positive direction. This is likely to continue as the final employees eligible for MERS retire and the tentative grant agreement comes into effect.

Port Huron

Port Huron has held a funded ratio of about 50% for MERS since 2016. They were underfunded in both MERS and their OPEB benefits, although their ADC for the OPEB plan was never high enough to trigger a corrective action plan. Their ADC for MERS was, and they submitted a CAP for that fund in 2017, which outlined how the city had moved to a hybrid pension system and limited the amount of overtime that can be included in the FAC. They also outlined a plan to get the utilities union to agree to the same reduced multiplier and overtime limits other units agreed to.

In their 2017 Corrective Action Plan, the City targeted achieving funded status by 2031 and pointed out that they considered issuing bonds to generate funds for their MERS retirement fund but couldn't because the city didn't have an "A" bond rating. However, the state law requiring this rating expired, and the city elected to issue 30-year pension bonds in March 2020 at a rate of 2.84% to fund $52,000,000 of liabilities. Proceeds from the pension bonds were transferred directly to MERS and were estimated to save Port Huron $87,400,000 over the life of the bonds[9]. While there was immediately a large jump in their funded ratio, this can be criticized as simply moving one type of debt into another in the short term, as it doesn't include a change to the structure of the pension plan. After PA 166 was passed, this also came back to bite Port Huron, as they were no longer eligible for the Protecting MI Grants, which would have been extremely helpful to the city. The city manager lamented this choice by the city in a public statement, pointing out that any public worker who had previously accepted concessions in union negotiations with cities is being disrespected by the state's decision to reward cities that haven't made meaningful progress[10].

Despite being left out of PA 166, the bonding out of their pensions, along with the other changes made, have moved Port Huron out of corrective action. Both their OPEB and MERS-funded ratios are now above 70%, and their actuarially determined contributions to both plans have been decreased.

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[9] City of Port Huron, Michigan. (2020). *City of Port Huron, Michigan $52,710,000 of General Obligation Limited tax Pension Bonds, Series 2020* [Report]. Robert W. Baird & Co. Incorporated. https://www.rwbaird.com/siteassets/public-finance/pension-obligation/the-city-of-port-huron-jpr-edits.pdf

[10] James, G. (2022, March 15). *Freed condemns House Bill 50545 as an "Insult" to Port Huron's unfunded liability turnaround | WGRT*. WGRT. https://wgrt.com/freed-condemns-house-bill-50545-as-an-insult-to-port-hurons-unfunded-liability-turnaround/

Takeaways

The five cities examined in this paper took diverse approaches in how they attacked their pension and OPEB debt. Most frequently, cities proposed decreasing the value of the benefit included in the pension plan by decreasing the multiplier or FAC (final average compensation). Nearly all the cities examined took this approach with some showing some moderate success. However, these changes will only slowly move pension plans towards funded status especially if they only apply to new hires. Many cities also closed their pension plans even before PA 202 went into effect in 2017, though in many cases, this closure was recent enough that the city couldn't expect to see a meaningful change in funding for several years. Other cities mentioned that they'd considered closing their plans but that a DB plan was just too important for recruiting and retaining quality employees.

For OPEB plans, several cities found some success in moving to a *Medicare Advantage Plan*. This reform lowered costs for cities and kept healthcare costs for those above 65 manageable. Others increased employee contributions to their healthcare plans or increased co-pays and deductibles. All these strategies were at least somewhat effective, as every city examined saw at least a minor increase in their funded ratio.

A somewhat controversial strategy was bonding out their pension or OPEB liabilities. While this strategy may allow you to save money in the long run (as done by Kalamazoo), it is sometimes criticized as just swapping one type of debt out for another. It also may result in paying more in debt service than simply keeping the Pension/OPEB liability if your investment returns on the bond proceeds are less than anticipated. In the event of grants being given to cities with underfunded liabilities, this also may prevent a city from qualifying for that relief, as experienced by Port Huron.

All cities examined have moved in a positive direction since the passage of PA 202, and several cities mentioned that they had gotten together and made changes after the reporting requirements were passed. While some cities felt spurned that they didn't qualify for the Protecting MI Grants from PA 166, those who did receive them expressed gratitude, although some cities did point out that they didn't cover OPEB, which was a larger issue than MERS for some cities. PA 166 and other grant programs for pension funds can also create perverse incentives, where cities may stack up pension debt under the assumption grants from the state will relieve them. One city official did cite that increased oversight over OPEB would be helpful, as currently there are no regulations keeping cities from moving assets from their OPEB fund to fund their pension plans or to use as a "rainy day fund."

With additional state support and continued transparency around funding progress, it appears as though the state is headed in the right direction. All city officials appeared pleased with the progress of their pension plans, and every city examined had data to back up at least some limited progress with funding. If the state sees continued success with reporting requirements and doesn't see ratios dip back down after PA 166, these bills may serve as a blueprint for other states experiencing unfunded pension liabilities.

Appendix

Figure 1: Battle Creek Funded Ratio and ADC/revenue FY 2017-2023

Fiscal Year	2017	2018	2019	2020	2021	2022	2023
Battle Creek Police and Fire Retirement System Funded Ratio	78.4%	75.3%	74.7%	76.2%	88.1%	68.7%	71.73%
Battle Creek Police and Fire Retirement System ADC/Revenue	15.4%	16.4%	16.7%	17.8%	18.9%	17.6%	X
Unfunded Police and Fire Liability	38,069,749	47,449,989	50,861,238	48,350,525	25,198,971	72,018,636	67,719,932
Municipal Employees' Retirement System of MI Funded Ratio	57.5%	60.6%	54.0%	55.8%	56.8%	59.7%	50.7%
Municipal Employees' Retirement System of MI ADC/Revenue	15.4%	16.4%	16.7%	17.8%	18.9%	17.6%	X
Unfunded MERS Liability	60,000,218	56,909,621	67,847,095	67,891,284	69,661,092	67,915,325	83,786,297
Health Care Funded Ratio	7.7%	12.0%	10.0%	9.2%	11.2%	27.2%	31.19%
Health Care ADC/Revenue	6.1%	4.1%	4.3%	8.8%	11.0%	10.80%	X
Unfunded Health Care Liability	70,650,843	50,230,961	56,431,999	25,494,729	25,614,713	25,809,821	27,665,341

Figure 2: Saginaw Funded Ratio and ADC/revenue FY 2017-2023

Fiscal Year	2017	2018	2019	2020	2021	2022	2023
Funded Ratio	51.7%	53.7%	47.3%	47.7%	49.1%	51.2%	43.1%
ADC/Revenue	49.2%	24.9%	23.1%	27.1%	25.9%	29.4%	4.8%
Unfunded Pension Liability	161,623,853	155,103,059	177,539,027	181,236,036	180,135,979	177,148,242	203,598,480
OPEB Funded Ratio	0%	0.00%	0.0%	0.3%	0.7%	2.1%	3.3%
OPEB ADC/Revenue	2.00%	18.00%	17.6%	33.9%	32.0%	17.0%	18.3%
Unfunded OPEB Liability	281,963,003	265,995,230	311,001,079	303,384,205	140,983,600	86,966,992	86,364,911

Figure 3: Port Huron Funded Ratio and ADC/revenue FY 2017-2023

Fiscal Year	2017	2018	2019	2020	2021	2022	2023
Funded Ratio	53.2%	55.3%	51.5%	51.0%	91.4%	93.8%	76.6%
ADC/Revenue	11.9%	13.3%	11.7%	10.8%	4.3%	6.9%	4.6%
Unfunded Pension Liability	153,748,126	156,773,624	72,913,849	76,848,272	13,999,684	10,461,474	39,767,944
OPEB Funded Ratio	28.0%	27.1%	26.4%	29.3%	38.97%	67.2%	73.6%
OPEB ADC/Revenue	7.70%	11.1%	11.6%	11.6%	11.10%	2.6%	2.3%
Unfunded OPEB Liability	64,828,531	66,086,769	72,216,930	71,174,522	72,056,199	38,319,232	37,483,547

Figure 4: Bay C

Fiscal Year	2017	2018	2019	2020	2021	2022	2023
Bay CIty Public Safety and Fire Retirement System Funded Ratio	75.04%	73.72%	71.06%	59.30%	82.35%	65.62%	65.81%
Bay City Public Safety and Fire Retirement System ADC/Revenue	20.5%	17.8%	18.2%	21.9%	20.9%	8.4%	8.3%
Bay City Public Safety and Fire Retirement System Unfunded Liability	18,194,963	19,532,351	21,814,790	33,632,998	13,179,043	27,002,948	27,728,162
Municipal Employees' Retirement System of MI Funded Ratio	67.36%	75.41%	72.84%	79.85%	88.97%	98.93%	85.30%
Municipal Employees' Retirement System of MI ADC/Revenue	20.5%	17.8%	18.2%	21.9%	20.9%	8.4%	8.3%
MERS Unfunded Liability	23,858,665	17,945,756	19,591,755	14,925,883	8,216,067	882,368	10,777,800
OPEB Funded Ratio	12.85%	16.06%	29.54%	33.19%	41.88%	43.05%	57.01%
OPEB ADC/Revenue	26.1%	25.3%	23.1%	17.5%	15.0%	14.9%	11.4%
OPEB Unfunded Liability	115,290,656	104,135,436	52,316,046	51,326,870	46,427,059	39,833,690	25,781,854

Figure 5: Kalamazoo Funded Ratio and ADC/revenue FY 2017-2023

Fiscal Year	2017	2018	2019	2020	2021	2022
Funded Ratio	126.1%	133.1%	135.8%	150.9%	123.5%	131.33%
ADC/Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%
Pension Unfunded Liability	0	0	0	0	0	0
OPEB Funded Ratio	43.9%	35.9%	35.6%	31.1%	87.9%	77.06%
OPEB ADC/Revenue	8.4%	7.0%	9.5%	3.8%	2.7%	X
OPEB Unfunded Liability	133,274,030	162,378,977	185,003,968	232,596,572	16,667,508	30,327,643