

CITY OF GROSSE POINTE WOODS
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF JUNE 30, 2024

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR BEGINNING JULY 1, 2025

P.A. 202 VALUATION
AS OF JUNE 30, 2024



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS



September 3, 2024

Board of Trustees
City of Grosse Pointe Woods Employees Retirement System

Re: Actuarial Valuation Report – City of Grosse Pointe Woods Employees Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Grosse Pointe Woods Employees Retirement System. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and could produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the Retirement System, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board, financial reports prepared by the custodian bank and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

The undersigned is familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Grosse Pointe Woods, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Grosse Pointe Woods Employees Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 630-620-0200.

Respectfully submitted,

Foster & Foster, Inc.


By: 
Jason L. Franken, FSA, EA, MAAA

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Grosse Pointe Woods Employees Retirement System, performed as of June 30, 2024, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year beginning July 1, 2025.

The contribution requirements, compared with those set forth in the June 30, 2023 actuarial report, are as follows:

| | | |
|-------------------------------------|-----------------|-----------------|
| Valuation Date | 6/30/2024 | 6/30/2023 |
| Applicable to Fiscal Year Beginning | <u>7/1/2025</u> | <u>7/1/2024</u> |
| Total Recommended Contribution | \$2,825,234 | \$2,628,546 |
| % of Projected Annual Payroll | 48.06% | 46.42% |
| Member Contributions (Est.) | (347,846) | (333,413) |
| % of Projected Annual Payroll | (5.92%) | (5.89%) |
| City Recommended Contribution | 2,477,388 | 2,295,133 |
| % of Projected Annual Payroll | 42.14% | 40.53% |

As you can see, the Total Recommended Contribution shows an increase from the June 30, 2023 actuarial valuation report. The increase is attributable to the natural increase in the amortization payment due to the payroll growth assumption and unfavorable plan experience.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of unfavorable experience included an average salary increase of 11.16% which exceeded the 4.64% assumption and lower than expected inactive mortality. There were no significant sources of favorable experience.

CHANGES SINCE THE PRIOR VALUATION

The valuation reflects no plan changes.

The valuation reflects no assumption or method changes.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

| Valuation Date | <u>6/30/2024</u> | <u>6/30/2023</u> |
|---------------------------------|------------------|------------------|
| A. Participant Data | | |
| Number Included | | |
| Actives | 76 | 76 |
| Service Retirees | 92 | 90 |
| Beneficiaries | 19 | 18 |
| Disability Retirees | 0 | 0 |
| Terminated Vested | <u>14</u> | <u>12</u> |
| Total | 201 | 196 |
| Total Projected Annual Payroll | \$5,878,408 | \$5,661,562 |
| Payroll Under Assumed Ret. Age | 5,878,408 | 5,661,562 |
| Annual Rate of Payments to: | | |
| Service Retirees | 3,291,240 | 3,150,364 |
| Beneficiaries | 615,592 | 556,774 |
| Disability Retirees | 0 | 0 |
| Terminated Vested | 148,381 | 134,569 |
| B. Assets | | |
| Actuarial Value | 43,567,802 | 42,304,500 |
| Market Value | 43,710,963 | 40,385,352 |
| C. Liabilities | | |
| Present Value of Benefits (PVB) | | |
| Actives | | |
| Retirement Benefits | 21,635,445 | 20,943,983 |
| Disability Benefits | 1,302,315 | 1,233,681 |
| Death Benefits | 289,682 | 279,276 |
| Vested Benefits | 800,242 | 800,171 |
| Service Retirees ¹ | 42,564,738 | 41,152,637 |
| Beneficiaries | 5,852,814 | 5,377,261 |
| Disability Retirees | 0 | 0 |
| Terminated Vested | <u>1,310,136</u> | <u>1,187,645</u> |
| Total | 73,755,372 | 70,974,654 |

¹ Includes reserve for EROP balances. \$0 as of 6/30/2024 and \$0 as of 6/30/2023.

| C. Liabilities - (Continued) | <u>6/30/2024</u> | <u>6/30/2023</u> |
|---|-------------------|-------------------|
| Present Value of Future Salaries | 49,280,205 | 47,164,655 |
| Normal Cost (Retirement) | 647,108 | 621,011 |
| Normal Cost (Disability) | 67,840 | 62,509 |
| Normal Cost (Death) | 16,291 | 15,195 |
| Normal Cost (Vesting) | <u>74,415</u> | <u>70,514</u> |
| Total Normal Cost (EAN) | 805,654 | 769,229 |
| Present Value of Future Normal Costs | 6,579,088 | 6,239,476 |
| Accrued Liability (Retirement) | 16,225,797 | 15,803,923 |
| Accrued Liability (Disability) | 684,506 | 661,826 |
| Accrued Liability (Death) | 169,570 | 167,436 |
| Accrued Liability (Vesting) | 368,723 | 384,450 |
| Accrued Liability (Inactives) ¹ | <u>49,727,688</u> | <u>47,717,543</u> |
| Total Actuarial Accrued Liability | 67,176,284 | 64,735,178 |
| Unfunded Actuarial Accrued Liability (UAAL) | 23,608,482 | 22,430,678 |
| Funded Ratio (AVA / AL) | 64.9% | 65.4% |

¹ Includes reserve for EROP balances. \$0 as of 6/30/2024 and \$0 as of 6/30/2023.

| | <u>6/30/2024</u> | <u>6/30/2023</u> |
|--|------------------|------------------|
| D. Actuarial Present Value of Accrued Benefits | | |
| Vested Accrued Benefits | | |
| Inactives ¹ | 49,727,688 | 47,717,543 |
| Actives | 4,986,503 | 4,728,682 |
| Member Contributions | <u>4,089,089</u> | <u>4,107,306</u> |
| Total | 58,803,280 | 56,553,531 |
| Non-vested Accrued Benefits | <u>2,963,718</u> | <u>2,760,465</u> |
| Total Present Value Accrued Benefits | 61,766,998 | 59,313,996 |
| Funded Ratio (MVA / PVAB) | 70.8% | 68.1% |
| Increase (Decrease) in Present Value of Accrued Benefits Attributable to: | | |
| Plan Amendments | 0 | |
| Assumption Changes | 0 | |
| Plan Experience | 2,163,975 | |
| Benefits Paid | (3,953,914) | |
| Interest | 4,242,941 | |
| Other | <u>0</u> | |
| Total | 2,453,002 | |

¹ Includes reserve for EROP balances. \$0 as of 6/30/2024 and \$0 as of 6/30/2023.

| | | |
|-------------------------------------|-----------------|-----------------|
| Valuation Date | 6/30/2024 | 6/30/2023 |
| Applicable to Fiscal Year Beginning | <u>7/1/2025</u> | <u>7/1/2024</u> |

E. Pension Cost

| | | |
|---|-----------|-----------|
| Normal Cost ¹ | \$865,272 | \$826,152 |
| % of Total Annual Payroll ¹ | 14.72 | 14.59 |
| Administrative Expenses ¹ | 65,514 | 61,218 |
| % of Total Annual Payroll ¹ | 1.11 | 1.08 |
| Payment Required to Amortize Unfunded Actuarial Accrued Liability over 19 years (as of 6/30/2024) ¹ | 1,894,448 | 1,741,176 |
| % of Total Annual Payroll ¹ | 32.23 | 30.75 |
| Total Recommended Contribution | 2,825,234 | 2,628,546 |
| % of Total Annual Payroll ¹ | 48.06 | 46.42 |
| Expected Member Contributions ¹ | (347,846) | (333,413) |
| % of Total Annual Payroll ¹ | (5.92) | (5.89) |
| Expected City Contribution | 2,477,388 | 2,295,133 |
| % of Total Annual Payroll ¹ | 42.14 | 40.53 |

F. Past Contributions

| | |
|--------------------------------|------------------|
| Plan Years Ending: | <u>6/30/2024</u> |
| Total Recommended Contribution | 2,190,832 |
| City Requirement | 1,878,969 |
| Actual Contributions Made: | |
| Members (excluding buyback) | 311,863 |
| City | <u>1,956,340</u> |
| Total | 2,268,203 |

G. Net Actuarial (Gain)/Loss 996,434

¹ Contributions developed as of 6/30/2024 displayed above have been adjusted to account for assumed interest.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

| <u>Year</u> | <u>Projected Unfunded Accrued Liability</u> |
|-------------|---|
| 2024 | 23,608,482 |
| 2025 | 23,461,062 |
| 2026 | 23,245,900 |
| 2030 | 21,672,469 |
| 2035 | 19,549,365 |
| 2039 | 18,001,637 |
| 2043 | 16,576,445 |

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

| | | <u>Actual</u> | <u>Assumed</u> |
|------------|-----------|---------------|----------------|
| Year Ended | 6/30/2024 | 11.16% | 4.64% |
| Year Ended | 6/30/2023 | 11.60% | 4.57% |
| Year Ended | 6/30/2022 | 2.73% | 4.55% |

(ii) 3 Year Comparison of Investment Return on Actuarial Value

| | | <u>Actual</u> | <u>Assumed</u> |
|------------|-----------|---------------|----------------|
| Year Ended | 6/30/2024 | 7.26% | 7.40% |
| Year Ended | 6/30/2023 | 5.51% | 7.50% |
| Year Ended | 6/30/2022 | 4.66% | 7.50% |

PENSION COST BY DIVISION

| | <u>General</u> | <u>Public Safety</u> | <u>Total</u> |
|--|----------------|----------------------|--------------|
| Projected Payroll | 2,882,541 | 2,995,867 | 5,878,408 |
| Total Normal Cost ¹ | 364,425 | 500,847 | 865,272 |
| % of Total Annual Payroll ¹ | 12.64 | 16.72 | 14.72 |
| Administrative Expenses ¹ | 32,125 | 33,389 | 65,514 |
| % of Total Annual Payroll ¹ | 1.11 | 1.11 | 1.11 |
| Payment Required to Amortize Unfunded Actuarial Accrued Liability over 19 years (as of 6/30/2024) ¹ | 928,963 | 965,485 | 1,894,448 |
| % of Total Annual Payroll ¹ | 32.23 | 32.23 | 32.23 |
| Total Recommended Contribution ¹ | 1,325,513 | 1,499,721 | 2,825,234 |
| % of Total Annual Payroll ¹ | 45.98 | 50.06 | 48.06 |
| Expected Member Contributions ¹ | (154,792) | (193,054) | (347,846) |
| % of Total Annual Payroll ¹ | (5.37) | (6.44) | (5.92) |
| Expected City Contribution | 1,170,721 | 1,306,667 | 2,477,388 |
| % of Total Annual Payroll ¹ | 40.61 | 43.62 | 42.14 |

¹ Contributions developed as of 6/30/2024 displayed above have been adjusted to account for assumed interest

DEVELOPMENT OF JUNE 30, 2024 AMORTIZATION PAYMENT

| | | |
|------|--|--------------|
| (1) | Unfunded Actuarial Accrued Liability as of June 30, 2023 | \$22,430,678 |
| (2) | Sponsor Normal Cost developed as of June 30, 2023 | 457,277 |
| (3) | Expected administrative expenses for the year ended June 30, 2024 | 57,000 |
| (4) | Expected interest on (1), (2) and (3) | 1,695,818 |
| (5) | Sponsor contributions to the System during the year ended June 30, 2024 | 1,956,340 |
| (6) | Expected interest on (5) | 72,385 |
| (7) | Expected Unfunded Actuarial Accrued Liability as of June 30, 2024, (1)+(2)+(3)+(4)-(5)-(6) | 22,612,048 |
| (8) | Change to UAAL due to Assumption Change | 0 |
| (9) | Change to UAAL due to Actuarial (Gain)/Loss | 996,434 |
| (10) | Unfunded Accrued Liability as of June 30, 2024 | 23,608,482 |
| (11) | UAAL Subject to Amortization (100% AAL less Actuarial Assets) | 23,608,482 |

| <u>Date</u> <u>Established</u> | <u>Years</u> <u>Remaining</u> | <u>6/30/2024</u> <u>Amount</u> | <u>Amortization</u> <u>Amount</u> |
|-----------------------------------|----------------------------------|-----------------------------------|--------------------------------------|
| 6/30/2024 | 19 | 23,608,482 | 1,763,918 |

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

| | |
|---|----------------|
| (1) Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2023 | \$22,430,678 |
| (2) Expected UAAL as of June 30, 2024 | 22,612,048 |
| (3) Summary of Actuarial (Gain)/Loss, by component: | |
| Investment Return (Actuarial Asset Basis) | 58,663 |
| Salary Increases | 496,342 |
| Active Decrements | 125,513 |
| Inactive Mortality | 323,153 |
| Other | <u>(7,237)</u> |
| Change in UAAL due to (Gain)/Loss | 996,434 |
| Change to UAAL due to Assumption Change | <u>0</u> |
| (4) Actual UAAL as of June 30, 2024 | \$23,608,482 |

RECONCILIATION OF CHANGES IN CONTRIBUTION REQUIREMENT

| | | |
|---|----|---------------|
| (1) Contribution Determined as of June 30, 2023 | \$ | 2,295,133 |
| | | |
| (2) Summary of Contribution Impact by component: | | |
| Change in Normal Cost | | 39,120 |
| Change in Assumed Administrative Expense | | 4,296 |
| Investment Return (Actuarial Asset Basis) | | 4,707 |
| Salary Increases | | 39,829 |
| New Entrants | | 1,698 |
| Active Decrements | | 10,072 |
| Inactive Mortality | | 25,931 |
| Contributions (More) or Less than Recommended | | (6,438) |
| Increase in Amortization Payment Due to Payroll Growth Assumption | | 52,235 |
| Change in Expected Member Contributions | | (14,433) |
| Assumption Change | | - |
| Other | | <u>25,238</u> |
| Total Change in Contribution | | 182,255 |
| (3) Contribution Determined as of June 30, 2024 | | \$2,477,388 |

P.A. 202 REPORTING
AS OF JUNE 30, 2024

Michigan Public Act 202 of 2017 requires municipal retirement systems in the state to submit information concerning their actuarial accrued liabilities and funded status based on uniform assumptions. The information is to be furnished by the municipality on Form 5572.

Form 5572

Line

| | | |
|----|-------------------------------------|------------|
| 24 | Actuarial Value of Assets | 43,567,802 |
| 25 | Actuarial Accrued Liabilities | 71,787,484 |
| 26 | Funded Ratio | 60.7% |
| 27 | Actuarially Determined Contribution | 3,633,964 |

The information was calculated based on the following assumptions, in compliance with the Uniform Assumptions pursuant to PA 202, applicable for fiscal year 2024. All other assumptions are as described in the Actuarial Assumptions and Methods section of this report.

| | |
|---|------------------------|
| Investment Rate of Return | 6.90% |
| Discount Rate (equivalent single rate used) | 6.77% |
| Periods with sufficient assets | 6.90% |
| Periods without sufficient assets | 3.65% |
| Salary Increase | Experience-based rates |
| Mortality Table | Pub-2010 with MP-2021 |
| Amortization Period for Unfunded | |
| Actuarial Accrued Liability | 15 years |
| Cost Method | Entry Age Normal |
| Amortization Method | Level percent of pay |
| Payroll Growth Assumption | 3.00% |

FUNDING HISTORY

| Valuation Date | Applicable Fiscal Year Beginning | Valuation Assets ¹ | Actuarial Accrued Liabilities ¹ | Funded Ratio | Unfunded Actuarial Accrued Liabilities ¹ | General | Public Safety |
|----------------|----------------------------------|-------------------------------|--|--------------|---|--|--|
| | | | | | | Recommended Employer Contribution - as a% of Payroll | Recommended Employer Contribution - as a% of Payroll |
| 6/30/2005 | 7/1/2006 | 33,329 | 36,141 | 92.2% | 2,812 | 12.54% | 15.50% |
| 6/30/2006 | 7/1/2007 | 33,549 | 36,846 | 91.1% | 3,297 | 15.21% | 18.59% |
| 6/30/2007 | 7/1/2008 | 35,801 | 38,744 | 92.4% | 2,943 | 14.65% | 17.98% |
| 6/30/2008 | 7/1/2009 | 37,728 | 36,310 | 103.9% | (1,418) | 6.22% | 7.98% |
| 6/30/2009 | 7/1/2010 | 37,149 | 40,417 | 91.9% | 3,268 | 10.56% | 12.26% |
| 6/30/2010 | 7/1/2011 | 36,074 | 41,541 | 86.8% | 5,467 | 12.64% | 14.28% |
| 6/30/2011 | 7/1/2012 | 37,667 | 42,738 | 88.1% | 5,071 | 12.55% | 14.25% |
| 6/30/2012 | 7/1/2013 | 37,369 | 44,747 | 83.5% | 7,378 | 15.29% | 16.99% |
| 6/30/2013 | 7/1/2014 | 37,171 | 44,950 | 82.7% | 7,779 | 16.12% | 18.14% |
| 6/30/2014 | 7/1/2015 | 37,751 | 45,453 | 83.1% | 7,702 | 16.82% | 19.24% |
| 6/30/2015 | 7/1/2016 | 39,363 | 49,481 | 79.6% | 10,118 | 20.28% | 23.57% |
| 6/30/2016 | 7/1/2017 | 39,271 | 51,299 | 76.6% | 12,028 | 23.55% | 26.03% |
| 6/30/2017 | 7/1/2018 | 40,087 | 50,976 | 78.6% | 10,889 | 22.31% | 24.18% |
| 6/30/2018 | 7/1/2019 | 40,347 | 53,727 | 75.1% | 13,380 | 25.39% | 28.75% |
| 6/30/2019 | 7/1/2020 | 39,610 | 55,232 | 71.7% | 15,622 | 27.56% | 31.19% |
| 6/30/2020 | 7/1/2021 | 39,021 | 59,469 | 65.6% | 20,448 | 33.85% | 38.46% |
| 6/30/2021 | 7/1/2022 | 41,122 | 63,086 | 65.2% | 21,964 | 33.64% | 37.54% |
| 6/30/2022 | 7/1/2023 | 41,704 | 62,517 | 66.7% | 20,814 | 32.09% | 34.30% |
| 6/30/2023 | 7/1/2024 | 42,305 | 64,735 | 65.4% | 22,431 | 39.14% | 42.04% |
| 6/30/2024 | 7/1/2025 | 43,568 | 67,176 | 64.9% | 23,608 | 40.61% | 43.62% |

¹Dollar values reported in thousands.

PROJECTION OF BENEFIT PAYMENTS

| Year | Payments for Current Actives | Payments for Current Inactives | Total Payments |
|------|---------------------------------|-----------------------------------|-------------------|
| 2024 | 180,249 | 3,904,065 | 4,084,314 |
| 2025 | 266,220 | 3,957,110 | 4,223,330 |
| 2026 | 315,491 | 3,991,077 | 4,306,568 |
| 2027 | 397,077 | 4,030,926 | 4,428,003 |
| 2028 | 451,577 | 4,074,282 | 4,525,859 |
| 2029 | 474,968 | 4,124,947 | 4,599,915 |
| 2030 | 799,683 | 4,134,147 | 4,933,830 |
| 2031 | 1,238,247 | 4,136,271 | 5,374,518 |
| 2032 | 1,199,141 | 4,131,396 | 5,330,537 |
| 2033 | 1,288,355 | 4,119,638 | 5,407,993 |
| 2034 | 1,521,123 | 4,105,541 | 5,626,664 |
| 2035 | 1,966,419 | 4,089,489 | 6,055,908 |
| 2036 | 2,295,873 | 4,066,030 | 6,361,903 |
| 2037 | 2,509,406 | 4,024,464 | 6,533,870 |
| 2038 | 2,604,900 | 3,974,380 | 6,579,280 |
| 2039 | 2,606,573 | 3,919,673 | 6,526,246 |
| 2040 | 2,732,906 | 3,857,847 | 6,590,753 |
| 2041 | 2,790,394 | 3,788,217 | 6,578,611 |
| 2042 | 2,712,322 | 3,710,576 | 6,422,898 |
| 2043 | 2,693,787 | 3,624,892 | 6,318,679 |
| 2044 | 2,833,484 | 3,536,844 | 6,370,328 |
| 2045 | 2,973,782 | 3,448,614 | 6,422,396 |
| 2046 | 3,174,150 | 3,328,617 | 6,502,767 |
| 2047 | 3,394,576 | 3,192,326 | 6,586,902 |
| 2048 | 3,619,055 | 3,059,949 | 6,679,004 |
| 2049 | 3,598,839 | 2,908,705 | 6,507,544 |
| 2050 | 3,749,694 | 2,734,939 | 6,484,633 |
| 2051 | 3,902,334 | 2,566,358 | 6,468,692 |
| 2052 | 4,128,253 | 2,414,994 | 6,543,247 |
| 2053 | 4,221,818 | 2,268,383 | 6,490,201 |
| 2054 | 4,124,486 | 2,123,430 | 6,247,916 |
| 2055 | 4,198,724 | 1,976,338 | 6,175,062 |
| 2056 | 4,310,341 | 1,829,321 | 6,139,662 |
| 2057 | 4,334,857 | 1,682,816 | 6,017,673 |
| 2058 | 4,393,982 | 1,538,283 | 5,932,265 |
| 2059 | 4,285,881 | 1,405,759 | 5,691,640 |
| 2060 | 4,226,968 | 1,281,863 | 5,508,831 |
| 2061 | 4,233,572 | 1,165,721 | 5,399,293 |
| 2062 | 4,139,283 | 1,057,277 | 5,196,560 |
| 2063 | 4,061,845 | 956,600 | 5,018,445 |

SUPPLEMENTAL ANNUITY VALUATION

| | | |
|---|------------------|------------------|
| Valuation Date | 6/30/2024 | 6/30/2023 |
| Applicable to Fiscal Year Beginning | <u>7/1/2025</u> | <u>7/1/2024</u> |
| | | |
| Total Actuarial Accrued Liability | 4,148,472 | 4,017,964 |
| Market Value of Assets | <u>2,957,047</u> | <u>2,591,233</u> |
| Unfunded Actuarial Accrued Liability | 1,191,425 | 1,426,731 |
| | | |
| Pension Cost | | |
| | | |
| Total Normal Cost (EAN) ¹ | 36,745 | 36,472 |
| | | |
| Administrative Expenses ¹ | 4,020 | 4,696 |
| | | |
| Payment Required to Amortize Unfunded Actuarial Accrued Liability over 10 years (as of 6/30/2024) ¹ | 172,782 | 206,907 |
| | | |
| Total Recommended Contribution | 213,547 | 248,075 |

¹ Contributions developed as of 6/30/2024 displayed above have been adjusted to account for assumed interest.

SUPPLEMENTAL ANNUITY VALUATION
BY DIVISION

| | <u>General</u> | <u>Public Safety</u> | <u>Total</u> |
|--|------------------|----------------------|------------------|
| Total Actuarial Accrued Liability | 3,854,074 | 294,398 | 4,148,472 |
| Market Value of Assets | <u>2,747,199</u> | <u>209,848</u> | <u>2,957,047</u> |
| Unfunded Actuarial Accrued Liability | 1,106,875 | 84,550 | 1,191,425 |
| Pension Cost - Total | | | |
| Total Normal Cost | 36,745 | 0 | 36,745 |
| Administrative Expenses | 4,020 | 0 | 4,020 |
| UAAL Amortization | <u>160,521</u> | <u>12,261</u> | <u>172,782</u> |
| Total Recommended Contribution | 201,286 | 12,261 | 213,547 |
| Pension Cost - Dollars Per Active Member | | | |
| Total Normal Cost | 799 | 0 | |
| UAAL Amortization | <u>3,490</u> | <u>409</u> | |
| Total Recommended Contribution | 4,376 | 409 | |
| Participant Summary | | | |
| Counts | | | |
| Actives | 46 | 30 ¹ | 76 |
| Retirees and Beneficiaries | 53 | 8 | 61 |
| Supplemental Annuities | | | |
| Total Annuities | 260,710 | 40,711 | 301,421 |
| Average Annuities | 4,919 | 5,089 | 4,941 |

¹ Summarized for cost per active member only. Currently no Public Safety members are eligible.

ACTUARIAL ASSUMPTIONS AND METHODS

| | |
|------------------|--|
| Interest Rate | 7.40% per year compounded annually, net of investment related expenses. |
| Mortality Rate | <p>Active Lives PubS-2010 and PubG-2010 Employee mortality tables, with generational improvements using Scale MP-2018.</p> <p>Inactive Lives PubS-2010 and PubG-2010 Healthy Retiree mortality tables, with generational improvements using Scale MP-2018.</p> |
| Retirement Age | See table later in this section. |
| Disability Rate | 0.20% for all general employees. 0.60% for all public safety employees. 100% of disabilities are assumed to be in the non-duty. |
| Termination Rate | See table later in this section. |
| Inflation | 2.50%. |
| Salary Increases | See table below. |

| Ages | Inflation | Merit and Longevity | |
|------|-----------|---------------------|---------------|
| | | General | Public Safety |
| 20 | 3.50% | 3.84% | 2.99% |
| 25 | 3.50% | 3.13% | 2.99% |
| 30 | 3.50% | 2.69% | 2.60% |
| 35 | 3.50% | 2.37% | 1.10% |
| 40 | 3.50% | 2.14% | 0.20% |
| 45 | 3.50% | 1.68% | 0.20% |
| 50 | 3.50% | 1.14% | 0.20% |
| 55 | 3.50% | 0.66% | 0.10% |
| 60 | 3.50% | 0.16% | 0.00% |

| | |
|------------------------------|---|
| Marital Status | 90% of Members are assumed to be married. |
| Spouse's Age | Males are assumed to be three years older than females. |
| Member Contribution Interest | 2.00%. |
| Cost-of-Living Adjustment | 2.50%. |

Annuity Withdrawal Assumptions 100% of members are assumed to elect a lump sum of member contributions in exchange for a reduced annuity benefit at retirement. The annuity offset is equal to the annuitized value of the member contributions using a 7.40% assumed interest rate.

EROP Assumptions 100% of eligible members elect to enter EROP according to the assumed retirement rates.

Members are assumed to remain in EROP for 5 years and take their balance at the end of the EROP period.

The EROP is assumed to continue beyond the six-year sunset provision. Members who become eligible to enter EROP after the six-year sunset are assumed to elect EROP when eligible.

Funding Method Entry Age Normal.

Actuarial Asset Method Investment gains and losses are smoothed over a five-year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets.

Funding Policy Amortization Method The UAAL is amortized according to a level percentage of payroll method. The initial amortization amount is 100% of the Accrued Liability less the Actuarial Value of Assets. Ultimately, the amortization period will be a 15-year rolling methodology, with a phase in to 15 years as follows:

| | |
|----------------|----------------------|
| 2023 | 20 Year Amortization |
| 2024 | 19 Year Amortization |
| 2025 | 18 Year Amortization |
| 2026 | 17 Year Amortization |
| 2027 | 16 Year Amortization |
| 2028 and Later | 15 Year Amortization |

The use of a rolling amortization methodology with a reasonable amortization period and coupled with a payroll growth rate that is not too high will produce a significant annual payment towards the principal on the UAAL, resulting in an annual decrease in the UAAL, assuming the actuarial assumptions materialize.

The UAAL for the supplemental plan is amortized over a 10-year rolling period according to a level dollar basis.

Payroll Growth 3.00%.

Administrative Expenses

Expenses paid out of the fund other than investment-related expenses are assumed to be equal to the average of those paid in the previous 3 years, rounded to the nearest 1,000.

Basis for Assumptions

Experience study dated April 24, 2023.

Decrement Tables

| General - % Terminating During the Year | | | | | | | Public Safety - % Terminating During the Year | | | | | | |
|--|---------|-----|-----|-----|----|------|--|---------|----|----|----|----|------|
| Age | Service | | | | | | Age | Service | | | | | |
| | 0 | 1 | 2 | 3 | 4 | 5+ | | 0 | 1 | 2 | 3 | 4 | 5+ |
| < | | | | | | | < 27 | 3% | 3% | 4% | 8% | 3% | 3.0% |
| 27 | 10% | 15% | 15% | 20% | 8% | 7.0% | 30 | 3% | 3% | 4% | 8% | 3% | 3.0% |
| 30 | 10% | 15% | 15% | 20% | 8% | 7.0% | 35 | 3% | 3% | 4% | 8% | 3% | 2.0% |
| 35 | 10% | 15% | 15% | 20% | 8% | 5.0% | 40 | 3% | 3% | 4% | 8% | 3% | 1.0% |
| 40 | 10% | 15% | 15% | 20% | 8% | 4.0% | 45 | 3% | 3% | 4% | 8% | 3% | 0.5% |
| 45 | 10% | 15% | 15% | 20% | 8% | 3.0% | 50 | 3% | 3% | 4% | 8% | 3% | 0.5% |
| 50 | 10% | 15% | 15% | 20% | 8% | 3.0% | 55+ | 3% | 3% | 4% | 8% | 3% | 1.0% |
| 55+ | 10% | 15% | 15% | 20% | 8% | 1.0% | | | | | | | |

| % Retiring During the Year | | |
|-------------------------------|---------|---------------|
| | General | Public Safety |
| Age | Rate | Rate |
| 50-53 | 20% | 20% |
| 54 | 35% | 20% |
| 55 | 35% | 30% |
| 56 | 35% | 10% |
| 57-58 | 20% | 10% |
| 59 | 40% | 10% |
| 60 | 40% | 40% |
| 61-62 | 10% | 40% |
| 63 | 10% | 50% |
| 64 | 10% | 70% |
| 65-66 | 30% | 100% |
| 67 | 40% | 100% |
| 68 | 50% | 100% |
| 69 | 70% | 100% |
| 70+ | 100% | 100% |

GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is the excess of the Accrued Actuarial Liability over the Actuarial Value of Assets.

Total Recommended Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over a closed period (19 years as of June 30, 2024). The recommended amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined under various assumption scenarios. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Payroll Growth: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll does not increase according to the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- Contribution Risk: This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board’s funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature plans with a substantial inactive liability. Similarly, mature plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 67.8% on June 30, 2021 to 60.8% on June 30, 2024, indicating that the plan has been maturing.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 74.0%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors will need to be made up for over a shorter time horizon than would be needed for a less mature plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has stayed approximately the same from June 30, 2021 to June 30, 2024.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, stayed approximately the same from June 30, 2021 to June 30, 2024. The current Net Cash Flow Ratio of -4.0% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, including the use of the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.21%, resulting in an LDROM of \$101,821,942. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. Given that plan benefits are paid over time through the combination of contributions and investment returns, prudent investments selected by the Board help to balance asset accumulation through these two sources.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

| | <u>6/30/2024</u> | <u>6/30/2023</u> | <u>6/30/2022</u> | <u>6/30/2021</u> |
|---|------------------|------------------|------------------|------------------|
| <u>Support Ratio</u> | | | | |
| Total Actives | 76 | 76 | 79 | 78 |
| Total Inactives | 125 | 120 | 119 | 115 |
| Actives / Inactives | 60.8% | 63.3% | 66.4% | 67.8% |
| <u>Asset Volatility Ratio</u> | | | | |
| Market Value of Assets (MVA) | 43,710,963 | 40,385,352 | 38,115,937 | 45,943,628 |
| Total Annual Payroll | 5,878,408 | 5,661,562 | 5,668,368 | 5,616,709 |
| MVA / Total Annual Payroll | 743.6% | 713.3% | 672.4% | 818.0% |
| <u>Accrued Liability (AL) Ratio</u> | | | | |
| Inactive Accrued Liability | 49,727,688 | 47,717,543 | 45,385,090 | 43,672,884 |
| Total Accrued Liability | 67,176,284 | 64,735,178 | 62,517,270 | 63,085,667 |
| Inactive AL / Total AL | 74.0% | 73.7% | 72.6% | 69.2% |
| <u>Funded Ratio</u> | | | | |
| Actuarial Value of Assets (AVA) | 43,567,802 | 42,304,500 | 41,703,710 | 41,121,607 |
| Total Accrued Liability | 67,176,284 | 64,735,178 | 62,517,270 | 63,085,667 |
| AVA / Total Accrued Liability | 64.9% | 65.4% | 66.7% | 65.2% |
| <u>Net Cash Flow Ratio</u> | | | | |
| Net Cash Flow ¹ | (1,744,039) | (1,653,442) | (1,303,740) | (1,712,263) |
| Market Value of Assets (MVA) | 43,710,963 | 40,385,352 | 38,115,937 | 45,943,628 |
| Ratio | -4.0% | -4.1% | -3.4% | -3.7% |

¹ Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

| <u>ASSETS</u> | MARKET VALUE |
|--------------------------------------|--------------|
| Total Cash and Equivalents | 697,788 |
| Receivables: | |
| Accrued Interest and Dividends | 1,477 |
| Total Receivable | 1,477 |
| Investments: | |
| Equity Securities | 24,458,762 |
| Other Investments | 18,552,936 |
| Total Investments | 43,011,698 |
| Total Assets | 43,710,963 |
| <u>LIABILITIES</u> | |
| Total Liabilities | 0 |
| Net Assets: | |
| Active and Retired Members' Equity | 43,710,963 |
| NET POSITION RESTRICTED FOR PENSIONS | 43,710,963 |
| TOTAL LIABILITIES AND NET ASSETS | 43,710,963 |

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED June 30, 2024
 Market Value Basis

ADDITIONS

| | | |
|----------------------------|-----------|---------------|
| Contributions: | | |
| Member | 311,863 | |
| City | 1,956,340 | |
| Total Contributions | | 2,268,203 |
| Investment Income: | | |
| Interest & Dividends | | 5,124,133 |
| Less Expenses ¹ | | (54,483) |
| Net Investment Income | | 5,069,650 |
| Total Additions | | 7,337,853 |

DEDUCTIONS

| | | |
|----------------------------------|-----------|---------------|
| Distributions to Members: | | |
| Benefit Payments | 3,953,914 | |
| Total Distributions | | 3,953,914 |
| Administrative Expenses | | 58,328 |
| Total Deductions | | 4,012,242 |
| Net Increase in Net Position | | 3,325,611 |

NET POSITION RESTRICTED FOR PENSIONS

| | | |
|-----------------------|--|------------|
| Beginning of the Year | | 40,385,352 |
| End of the Year | | 43,710,963 |

¹ Expenses include investment advisory, custodial and performance monitoring fees

ACTUARIAL ASSET VALUATION
June 30, 2024

Development of Actuarial Value of Assets

| | |
|--|------------|
| Market Value of Assets, 6/30/2024 | 43,710,963 |
| (Gains)/Losses Not Yet Recognized | (143,161) |
| Preliminary Actuarial Value of Assets, 6/30/2024 | 43,567,802 |
| 6/30/2024 Limited Actuarial Assets, Total | 43,567,802 |

Development of Investment Gain/Loss

| | |
|---|-------------|
| Market Value of Assets, 6/30/2023 | 40,385,352 |
| Actuarial Value of Assets, 6/30/2023 | 42,304,500 |
| Contributions Less Benefit Payments and Administrative Expenses | (1,744,039) |
| Expected Investment Earnings ¹ | 3,066,004 |
| Actual Net Investment Earnings | 5,069,650 |
| 2024 Actuarial Investment Gain/(Loss) | 2,003,646 |

¹ Expected Investment Earnings = 7.40% x (42,304,500 + 0.5 x -1,744,039)

Gains/(Losses) Not Yet Recognized

| Plan Year | Gain/(Loss) | Amounts Not Yet Recognized by Valuation Year | | | | |
|-----------|-------------|--|-------------|---------|---------|------|
| | | 2024 | 2025 | 2026 | 2027 | 2028 |
| 6/30/2021 | 9,247,348 | 1,849,470 | 0 | 0 | 0 | 0 |
| 6/30/2022 | (9,558,691) | (3,823,476) | (1,911,738) | 0 | 0 | 0 |
| 6/30/2023 | 857,083 | 514,250 | 342,833 | 171,417 | 0 | 0 |
| 6/30/2024 | 2,003,646 | 1,602,917 | 1,202,188 | 801,458 | 400,729 | 0 |
| Total | | 143,161 | (366,717) | 972,875 | 400,729 | 0 |

Development of Asset Returns

| | |
|--|-------------|
| (A) 6/30/2023 Actuarial Assets: | 42,304,500 |
| (I) Net Investment Income: | |
| 1. Interest and Dividends | 5,124,133 |
| 2. Change in Actuarial Value | (2,062,309) |
| 3. Investment Expenses | (54,483) |
| Total | 3,007,341 |
| (B) 6/30/2024 Preliminary Actuarial Assets: | 43,567,802 |
| Actuarial Asset Rate of Return = (2 x I) / (A + B - I): | 7.26% |
| Market Value of Assets Rate of Return: | 12.83% |
| Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) | (58,663) |

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
June 30, 2024
Actuarial Asset Basis

| INCOME | | |
|-------------------------------------|-------------|------------|
| Contributions: | | |
| Member | 311,863 | |
| City | 1,956,340 | |
| Total Contributions | | 2,268,203 |
| Earnings from Investments | | |
| Interest & Dividends | 5,124,133 | |
| Change in Actuarial Value | (2,062,309) | |
| Total Earnings and Investment Gains | | 3,061,824 |
| EXPENSES | | |
| Administrative Expenses: | | |
| Investment Related ¹ | 54,483 | |
| Other | 58,328 | |
| Total Administrative Expenses | | 112,811 |
| Distributions to Members: | | |
| Benefit Payments | 3,953,914 | |
| Total Distributions | | 3,953,914 |
| Change in Net Assets for the Year | | 1,263,302 |
| Net Assets Beginning of the Year | | 42,304,500 |
| Net Assets End of the Year | | 43,567,802 |
| Excess Earnings Reserve | | |

¹ Investment Related expenses include investment advisory, custodial and performance monitoring fees.

SUPPLEMENTAL ANNUITY
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

| <u>ASSETS</u> | MARKET VALUE |
|--------------------------------------|--------------|
| Total Cash and Equivalents | 47,206 |
| Receivables: | |
| Accrued Interest and Dividends | 100 |
| Total Receivable | 100 |
| Investments: | |
| Equity Securities | 1,654,635 |
| Other Investments | 1,255,106 |
| Total Investments | 2,909,741 |
| Total Assets | 2,957,047 |
| <u>LIABILITIES</u> | |
| Total Liabilities | 0 |
| Net Assets: | |
| Active and Retired Members' Equity | 2,957,047 |
| NET POSITION RESTRICTED FOR PENSIONS | 2,957,047 |
| TOTAL LIABILITIES AND NET ASSETS | 2,957,047 |

SUPPLEMENTAL ANNUITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED June 30, 2024
Market Value Basis

ADDITIONS

Contributions:

| | |
|--------|---------|
| Member | 0 |
| City | 345,827 |

| | |
|---------------------|---------|
| Total Contributions | 345,827 |
|---------------------|---------|

Investment Income:

| | |
|----------------------------|---------|
| Interest & Dividends | 328,778 |
| Less Expenses ¹ | (3,496) |

| | |
|-----------------------|---------|
| Net Investment Income | 325,282 |
|-----------------------|---------|

| | |
|-----------------|---------|
| Total Additions | 671,109 |
|-----------------|---------|

DEDUCTIONS

Distributions to Members:

| | |
|------------------|---------|
| Benefit Payments | 301,553 |
|------------------|---------|

| | |
|---------------------|---------|
| Total Distributions | 301,553 |
|---------------------|---------|

| | |
|-------------------------|-------|
| Administrative Expenses | 3,742 |
|-------------------------|-------|

| | |
|------------------|---------|
| Total Deductions | 305,295 |
|------------------|---------|

| | |
|------------------------------|---------|
| Net Increase in Net Position | 365,814 |
|------------------------------|---------|

NET POSITION RESTRICTED FOR PENSIONS

| | |
|-----------------------|-----------|
| Beginning of the Year | 2,591,233 |
|-----------------------|-----------|

| | |
|-----------------|-----------|
| End of the Year | 2,957,047 |
|-----------------|-----------|

¹ Expenses include investment advisory, custodial and performance monitoring fees

STATISTICAL DATA

| Valuation Date | <u>6/30/2024</u> | <u>6/30/2023</u> | <u>6/30/2022</u> | <u>6/30/2021</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|
| <u>Actives</u> | | | | |
| Number | 76 | 76 | 79 | 78 |
| Average Current Age | 43.3 | 43.4 | 44.4 | 45.1 |
| Average Age at Employment | 32.5 | 32.2 | 33.2 | 33.0 |
| Average Past Service | 10.8 | 11.2 | 11.2 | 12.1 |
| Average Annual Salary | \$73,941 | \$71,163 | \$68,679 | \$68,880 |
| <u>Service Retirees</u> | | | | |
| Number | 92 | 90 | 86 | 86 |
| Average Current Age | 69.6 | 69.5 | 69.1 | 69.4 |
| Average Annual Benefit | \$35,774 | \$35,004 | \$35,037 | \$33,872 |
| EROP Retirees incl. in Retirees | 0 | 0 | 0 | 0 |
| <u>Beneficiaries</u> | | | | |
| Number | 19 | 18 | 17 | 16 |
| Average Current Age | 75.1 | 74.3 | 74.6 | 74.8 |
| Average Annual Benefit | \$32,400 | \$30,932 | \$30,187 | \$30,894 |
| EDROs incl. in Beneficiaries | 3 | 3 | 3 | 2 |
| <u>Disability Retirees</u> | | | | |
| Number | 0 | 0 | 0 | 0 |
| Average Current Age | N/A | N/A | N/A | N/A |
| Average Annual Benefit | N/A | N/A | N/A | N/A |
| <u>Terminated Vested</u> | | | | |
| Number | 14 | 12 | 16 | 13 |
| Average Current Age | 53.5 | 53.6 | 50.7 | N/A |
| Average Annual Benefit ¹ | \$12,365 | \$12,234 | \$11,409 | \$11,460 |

¹ Average Annual Benefit for Terminated Vested members reflects the benefit for members entitled to a future annual benefit from the plan.

STATISTICAL DATA BY DIVISION

| | <u>6/30/2024</u> | <u>6/30/2023</u> | <u>6/30/2022</u> | <u>6/30/2021</u> |
|--------------------------------|------------------|------------------|------------------|------------------|
| <u>Actives - General</u> | | | | |
| Number | 46 | 47 | 50 | 49 |
| Average Current Age | 44.6 | 44.5 | 45.1 | 46.3 |
| Average Age at Employment | 35.6 | 35.0 | 35.9 | 35.8 |
| Average Past Service | 9.0 | 9.6 | 9.2 | 10.6 |
| Average Annual Salary | \$59,713 | \$59,224 | \$56,213 | \$57,476 |
| <u>Actives - Public Safety</u> | | | | |
| Number | 30 | 29 | 29 | 29 |
| Average Current Age | 41.3 | 41.6 | 43.3 | 43.1 |
| Average Age at Employment | 27.7 | 27.7 | 28.6 | 28.5 |
| Average Past Service | 13.5 | 13.9 | 14.6 | 14.6 |
| Average Annual Salary | \$95,756 | \$90,511 | \$90,172 | \$88,148 |

AGE AND SERVICE DISTRIBUTION
TOTAL

| AGE | PAST SERVICE | | | | | | | | | | | Total | Total Pay ¹ |
|---------|--------------|---|---|---|---|-----|-------|-------|-------|-------|-----|-------|------------------------|
| | 0 | 1 | 2 | 3 | 4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | | |
| 20 - 24 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | \$ 118,722 |
| 25 - 29 | 3 | 2 | 0 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | \$ 499,862 |
| 30 - 34 | 1 | 2 | 2 | 0 | 0 | 3 | 1 | 0 | 0 | 0 | 0 | 9 | \$ 614,237 |
| 35 - 39 | 1 | 0 | 2 | 2 | 1 | 2 | 1 | 0 | 0 | 0 | 0 | 9 | \$ 530,879 |
| 40 - 44 | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 5 | 4 | 0 | 0 | 12 | \$ 1,047,874 |
| 45 - 49 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 1 | 8 | 0 | 0 | 13 | \$ 1,092,619 |
| 50 - 54 | 1 | 0 | 1 | 0 | 0 | 4 | 0 | 0 | 6 | 1 | 0 | 13 | \$ 1,064,990 |
| 55 - 59 | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 0 | 5 | \$ 401,436 |
| 60 - 64 | 0 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 4 | \$ 195,540 |
| 65+ | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | \$ 53,326 |
| Total | 9 | 7 | 6 | 4 | 3 | 13 | 7 | 7 | 19 | 1 | 0 | 76 | \$ 5,619,486 |

¹ Total Pay is salaries for the period ending 6/30/2024.

AGE AND SERVICE DISTRIBUTION
GENERAL

| AGE | PAST SERVICE | | | | | | | | | | | Total | Total Pay ¹ |
|---------|--------------|---|---|---|---|-----|-------|-------|-------|-------|-----|-------|------------------------|
| | 0 | 1 | 2 | 3 | 4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | | |
| 20 - 24 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | \$ 51,492 |
| 25 - 29 | 2 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | \$ 276,794 |
| 30 - 34 | 1 | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 4 | \$ 175,374 |
| 35 - 39 | 0 | 0 | 2 | 2 | 0 | 2 | 1 | 0 | 0 | 0 | 0 | 7 | \$ 385,461 |
| 40 - 44 | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 5 | \$ 325,132 |
| 45 - 49 | 0 | 0 | 0 | 0 | 0 | 2 | 1 | 0 | 4 | 0 | 0 | 7 | \$ 445,389 |
| 50 - 54 | 1 | 0 | 1 | 0 | 0 | 3 | 0 | 0 | 2 | 1 | 0 | 8 | \$ 554,578 |
| 55 - 59 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 4 | \$ 283,712 |
| 60 - 64 | 0 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 4 | \$ 195,540 |
| 65+ | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | \$ 53,326 |
| Total | 7 | 4 | 5 | 3 | 2 | 8 | 6 | 3 | 7 | 1 | 0 | 46 | \$ 2,746,799 |

¹ Total Pay is salaries for the period ending 6/30/2024.

AGE AND SERVICE DISTRIBUTION
PUBLIC SAFETY

| AGE | PAST SERVICE | | | | | | | | | | | Total | Total Pay ¹ |
|---------|--------------|---|---|---|---|-----|-------|-------|-------|-------|-----|-------|------------------------|
| | 0 | 1 | 2 | 3 | 4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | | |
| 20 - 24 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | \$ 67,230 |
| 25 - 29 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | \$ 223,069 |
| 30 - 34 | 0 | 1 | 1 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 5 | \$ 438,863 |
| 35 - 39 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | \$ 145,418 |
| 40 - 44 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 4 | 0 | 0 | 7 | \$ 722,742 |
| 45 - 49 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 4 | 0 | 0 | 6 | \$ 647,229 |
| 50 - 54 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 4 | 0 | 0 | 5 | \$ 510,413 |
| 55 - 59 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | \$ 117,724 |
| 60 - 64 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ 0 |
| 65+ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ 0 |
| Total | 2 | 3 | 1 | 1 | 1 | 5 | 1 | 4 | 12 | 0 | 0 | 30 | \$2,872,687 |

¹ Total Pay is salaries for the period ending 6/30/2024.

AGE DISTRIBUTION
 RETIREES, DISABLEDS AND BENEFICIARIES

| AGE | <u>General</u> | | <u>Public Safety</u> | | <u>Total</u> | |
|---------|----------------|-----------------|----------------------|-----------------|--------------|-----------------|
| | Count | Annual Pensions | Count | Annual Pensions | Count | Annual Pensions |
| < 45 | 0 | \$ 0 | 0 | \$ 0 | 0 | \$ 0 |
| 45 - 49 | 0 | \$ 0 | 2 | \$ 92,189 | 2 | \$ 92,189 |
| 50 - 54 | 2 | \$ 55,015 | 0 | \$ 0 | 2 | \$ 55,015 |
| 55 - 59 | 4 | \$ 120,427 | 4 | \$ 186,845 | 8 | \$ 307,272 |
| 60 - 64 | 10 | \$ 204,606 | 10 | \$ 485,623 | 20 | \$ 690,229 |
| 65 - 69 | 9 | \$ 205,994 | 10 | \$ 539,398 | 19 | \$ 745,392 |
| 70 - 74 | 16 | \$ 407,061 | 7 | \$ 353,094 | 23 | \$ 760,154 |
| 75 - 79 | 5 | \$ 63,523 | 10 | \$ 418,750 | 15 | \$ 482,273 |
| 80 - 84 | 6 | \$ 169,364 | 7 | \$ 309,058 | 13 | \$ 478,422 |
| 85 - 89 | 5 | \$ 97,821 | 2 | \$ 154,292 | 7 | \$ 252,113 |
| 90 - 94 | 1 | \$ 14,866 | 1 | \$ 28,905 | 2 | \$ 43,771 |
| 95 - 99 | 0 | \$ 0 | 0 | \$ 0 | 0 | \$ 0 |
| 100 + | 0 | \$ 0 | 0 | \$ 0 | 0 | \$ 0 |
| Total | 58 | \$ 1,338,677 | 53 | \$ 2,568,155 | 111 | \$ 3,906,831 |

AGE DISTRIBUTION
INACTIVE VESTED MEMBERS

| AGE | <u>General</u> | | <u>Public Safety</u> | | <u>Total</u> | |
|---------|----------------|-----------------|----------------------|-----------------|--------------|-----------------|
| | Count | Annual Pensions | Count | Annual Pensions | Count | Annual Pensions |
| < 45 | 2 | \$ 21,551 | 0 | \$ 0 | 2 | \$ 21,551 |
| 45 - 49 | 1 | \$ 14,570 | 0 | \$ 0 | 1 | \$ 14,570 |
| 50 - 54 | 1 | \$ 7,744 | 0 | \$ 0 | 1 | \$ 7,744 |
| 55 - 59 | 7 | \$ 98,276 | 0 | \$ 0 | 7 | \$ 98,276 |
| 60 - 64 | 0 | \$ 0 | 0 | \$ 0 | 0 | \$ 0 |
| 65+ | 1 | \$ 6,240 | 0 | \$ 0 | 1 | \$ 6,240 |
| Total | 12 | \$ 148,381 | 0 | \$ 0 | 12 | \$ 148,381 |

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

| | |
|---|----------|
| a. Number in prior valuation 6/30/2023 | 76 |
| b. Terminations | |
| i. Vested (partial or full) with deferred benefits | (1) |
| ii. Non-vested or full lump sum distribution received | 0 |
| iii. Refunded | (4) |
| c. Deaths | |
| i. Beneficiary receiving benefits | 0 |
| ii. No future benefits payable | 0 |
| d. Disabled | 0 |
| e. Retired | (4) |
| f. EROP | <u>0</u> |
| g. Continuing participants | 67 |
| h. New entrants | <u>9</u> |
| i. Total active life participants in valuation | 76 |

2. Non-Active lives (including beneficiaries receiving benefits)

| | Service Retirees, Vested Receiving <u>Benefits</u> | Receiving Death <u>Benefits</u> | Receiving Disability <u>Benefits</u> | Vested <u>Deferred</u> | <u>Total</u> |
|-----------------------------|--|---------------------------------------|--|---------------------------|--------------|
| a. Number prior valuation | 90 | 18 | 0 | 12 | 120 |
| Retired | 4 | 0 | 0 | 0 | 4 |
| EROP | 0 | 0 | 0 | 0 | 0 |
| Vested Deferred | 0 | 0 | 0 | 1 | 1 |
| Death, With Survivor | (1) | 1 | 0 | 0 | 0 |
| Death, No Survivor | (1) | 0 | 0 | 0 | (1) |
| Disabled | 0 | 0 | 0 | 0 | 0 |
| Refund of Contributions | 0 | 0 | 0 | 0 | 0 |
| Rehires | 0 | 0 | 0 | 0 | 0 |
| New EDROs | 0 | 0 | 0 | 0 | 0 |
| Data Corrections | 0 | 0 | 0 | 0 | 0 |
| Hired/Termed in Same Year | 0 | 0 | 0 | 1 | 1 |
| b. Number current valuation | 92 | 19 | 0 | 14 | 125 |

SUMMARY OF CURRENT PLAN PROVISIONS

| | |
|----------------------------------|---|
| Plan Administration | <p>The Plan is a single employer defined benefit pension plan administered by a Board of Trustees comprised of five members:</p> <ul style="list-style-type: none">a.) The Mayor,b.) A member of the City Council,c.) A resident appointed by the Mayor, andd.) Two employees (one general and one public safety). |
| Final Average Compensation (FAC) | <p>General members: Highest 4 years.</p> <p>Communications Dispatcher: Highest 4 years.</p> <p>Public Safety Officers: Highest 4 years.</p> <p>Public Safety Command Officers: Highest 3 calendar years of compensation out of the last eight calendar years prior to retirement.</p> |
| Regular Retirement | |
| Eligibility | <p>Age 50 with 25 years of service, age 55 with 20 years of service, or age 60 with 10 or more years of service.</p> |
| Annual Benefit | <p>General members hired before March 30, 2011: FAC times sum of 2.00% times the first 25 years of service plus 1.00% times years of service in excess of 25 years.</p> <p>General members hired after March 30, 2011: 1.75% times FAC times years of service.</p> <p>Dispatchers/Communications Dispatcher hired before July 1, 2011: 2.125% times FAC times years of service.</p> <p>Dispatchers/Communications Dispatcher hired after July 1, 2011: 1.75% times FAC times years of service.</p> <p>Public Safety Officers and Command: 2.50% times FAC times years of service, maximum of 75% of FAC.</p> |

Duty Disability Retirement

| | |
|-------------|---|
| Eligibility | No age or service requirements. |
| Benefit | Computed as regular retirement with additional service credit granted to the earlier of the date the member would attain age 55 years or the date the member would have satisfied regular retirement eligibility conditions had the member continued in City employment. General/Communications Dispatcher members have worker's compensation offsets. Public Safety members, depending upon whether or not they are eligible for a service retirement at the time of injury, may elect to choose between worker's compensation benefits or a disability pension. |

Non-Duty Disability Retirement

| | |
|-------------|---------------------------------------|
| Eligibility | 10 or more years of credited service. |
| Benefit | Computed as a regular retirement. |

Deferred Retirement

| | |
|----------------|--|
| Eligibility | 10 or more years of service. |
| Annual Benefit | Computed as regular retirement but based on service and final average compensation at time of termination. Benefits begin at age 60. |

Duty Death in Service Survivor's Pension

| | |
|-------------|--|
| Eligibility | No age or service requirements. Must be in receipt of worker's compensation. |
| Benefit | Upon termination of worker's compensation a benefit equal to the worker's compensation amount shall be paid to the widow, unmarried children under 18 and dependent parents. Maximum benefit to the widow: 50% of final average compensation, to the children: 20% of final average compensation, and to the parents: 16-2/3% of final average compensation. |

Non-Duty Death in Service Survivor's Pension

| | |
|-------------|---|
| Eligibility | 10 years of service. |
| Benefit | Computed as a regular retirement but actuarially reduced in accordance with a 100% joint and survivor election. |

Employee Retention Option Plan (EROP)

| Eligibility | <p>Command and Public Safety Officers: Age 50 with 25 years of service, or Age 55 with 20 years of service. 5-year maximum period of participation.</p> | | | | | | | | | | |
|------------------------|--|------------------|-----------------|-------|-------|-------|-----|-------|-----|-----|-----|
| Benefit | <p>85% of participant's regular monthly accrued retirement benefit deposited into EROP account earning 3.00% interest.</p> <p>Not subject to COLA increases.</p> <p>Member contributions cease upon EROP entry.</p> | | | | | | | | | | |
| Member Contributions | <p>General members: 5.00% of annual compensation.</p> <p>Communications Dispatcher hired before July 1 2008: 6.00% of annual compensation.</p> <p>Communications Dispatcher hired after July 1 2008: 5.00% of annual compensation.</p> <p>Public Safety Members: 6.00% of annual compensation.</p> | | | | | | | | | | |
| Annuity Withdrawal | <p>A member may withdraw accumulated member contributions in a lump sum at retirement. The retirement allowance is reduced by the actuarial equivalent of the annuity withdrawn, based on actuarial assumptions concerning interest and mortality used in the annual actuarial valuation.</p> | | | | | | | | | | |
| Pop-Up Provision | <p>Upon the death of the beneficiary, a retiree who had previously selected either Option II or Option III will have the retirement allowance recomputed as a straight life allowance.</p> | | | | | | | | | | |
| Supplemental Annuities | | | | | | | | | | | |
| Eligibility | <p>Age 50 with 25 years of service, age 55 with 20 years of service, or age 60 with 20 years of service. General members who qualify for a disability retirement are also eligible. Public Safety members with retirements effective after December 31, 1994 are not eligible.</p> | | | | | | | | | | |
| Amount | <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Years of Service</th> <th style="text-align: left; border-bottom: 1px solid black;">Monthly Benefit</th> </tr> </thead> <tbody> <tr> <td>10-14</td> <td>\$250</td> </tr> <tr> <td>15-19</td> <td>300</td> </tr> <tr> <td>20-24</td> <td>350</td> </tr> <tr> <td>25+</td> <td>400</td> </tr> </tbody> </table> | Years of Service | Monthly Benefit | 10-14 | \$250 | 15-19 | 300 | 20-24 | 350 | 25+ | 400 |
| Years of Service | Monthly Benefit | | | | | | | | | | |
| 10-14 | \$250 | | | | | | | | | | |
| 15-19 | 300 | | | | | | | | | | |
| 20-24 | 350 | | | | | | | | | | |
| 25+ | 400 | | | | | | | | | | |

Post-Retirement Cost-of-Living

Eligibility

Hired before July 1, 2016.

Amount

Annual adjustments based upon changes in the Consumer Price Index subject to a maximum increase of 2.5% of the adjusted retirement allowance. The cost-of-living adjustment shall be paid on both the base pensions and, for retirements on or after 7/1/90, supplemental annuity distributions.