

# Public Employees Retirement Association of Minnesota

Local Government Correctional Service Retirement Plan

GASB Statements No. 67 and No. 68

Financial Reporting for Pensions - Revised

June 30, 2024





December 3, 2024

Public Employees Retirement Association of Minnesota  
Local Government Correctional Service Retirement Plan  
St. Paul, Minnesota

Dear Trustees of the Local Government Correctional Service Retirement Plan:

This report provides accounting and financial reporting information that is intended to comply with the Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 for the Local Government Correctional Service Retirement Plan, as amended by GASB Statement No. 82. These calculations have been made on a basis that is consistent with our understanding of these accounting standards.

GASB Statement No. 67 is the accounting standard that applies to the financial reports issued by retirement systems. GASB Statement No. 68 establishes accounting and financial reporting for state and local government employers who provide their employees (including former employees) pension benefits through a trust. GASB Statement No. 82 is an amendment to Statements No. 67, No. 68, and No. 73, intended to improve consistency in the application of the accounting standards.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of providing reporting and disclosure information that satisfies the requirements of GASB Statements No. 67 and No. 68. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligations. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. The calculation of the plan's liability for this report may not be applicable for purposes of funding the plan. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statements No. 67 and No. 68 may produce significantly different results. The information in this report is calculated on a total plan basis. PERA is responsible for preparing the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer. This report may be provided to parties other than the Public Employees Retirement Association (PERA) only in its entirety and only with the permission of PERA. GRS is not responsible for unauthorized use of this report.

This report is based upon information, furnished to us by PERA, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. If your understanding of this information is different, please let us know. This information was checked for internal consistency, but it was not audited.

This report complements the actuarial valuation report for funding purposes that was or will be provided to the Plan and should be considered in conjunction with that report. Please see the actuarial valuation report as of June 30, 2024 for additional discussion of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

To the best of our knowledge, the information contained within this report is accurate and fairly represents the actuarial position of the Local Government Correctional Service Retirement Plan as of the measurement date. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

Bonita J. Wurst and Sheryl L. Christensen are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,  
Gabriel, Roeder, Smith & Company



Bonita J. Wurst, ASA, EA, FCA, MAAA



Sheryl L. Christensen, FSA, EA, FCA, MAAA

BJW/SLC:dj



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## SECTION A

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### EXECUTIVE SUMMARY

# Executive Summary

## as of June 30, 2024 (Dollars in Thousands)

|   | <b>2024</b>        |
|---|--------------------|
| Actuarial Valuation Date                            | June 30, 2024      |
| Measurement Date of the Net Pension Liability       | June 30, 2024      |
| Employer's Fiscal Year Ending Date (Reporting Date) | Varies by Employer |

### Membership

|                               |    |                        |
|-------------------------------|----|------------------------|
| Number of                     |    |                        |
| - Service Retirements         |    | 1,605                  |
| - Survivors                   |    | 105                    |
| - Disability Retirements      |    | 248                    |
| - Deferred Retirements        |    | 4,637                  |
| - Terminated Other Non-Vested |    | 2,635                  |
| - Active Members              |    | 3,914                  |
| - Total                       |    | 13,144                 |
| Covered Payroll               | \$ | 254,734 <sup>(1)</sup> |

### Net Pension Liability

|   |    |           |
|---|----|-----------|
| Total Pension Liability   | \$ | 1,238,891 |
| Plan Fiduciary Net Position   |    | 1,208,413 |
| Net Pension Liability   | \$ | 30,478    |
| Plan Fiduciary Net Position as a Percentage<br>of Total Pension Liability |    | 97.54%    |
| Net Pension Liability as a Percentage<br>of Covered Payroll               |    | 11.96%    |

### Development of the Single Discount Rate

|   |  |                      |
|---|--|----------------------|
| Single Discount Rate  |  | 7.00%                |
| Long-Term Expected Rate of Investment Return  |  | 7.00%                |
| Long-Term Municipal Bond Rate   |  | 3.97% <sup>(2)</sup> |
| Last year ending June 30 in the 2025 to 2124 projection period<br>for which projected benefit payments are fully funded |  | 2124                 |

**Total Pension Expense/(Income)** **\$ 40,384**

### Deferred Outflows and Inflows by Source Arising from Current and Prior Periods to be Recognized in Future Pension Expenses

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience                                   | \$ 21,605                         | \$ -                             |
| Changes in assumptions  | \$ -                              | \$ 103,116                       |
| Net difference between projected and actual earnings<br>on pension plan investments | \$ 53,407                         | \$ 95,729                        |
| Total   | \$ 75,012                         | \$ 198,845                       |

<sup>(1)</sup> Assumed equal to actual member contributions divided by member contribution rate.

<sup>(2)</sup> Based on the 20-Year Municipal GO Index of mixed maturity general obligation municipal bonds as of the weekly rate closest to but not later than the Measurement Date.



# Discussion

## Accounting Standard

For pension plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* establishes standards of financial reporting for separately issued financial reports and specifies the required approach for measuring the pension liability. Similarly, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* establishes standards for state and local government employers (as well as non-employer contributing entities) to account for and disclose the net pension liability, pension expense, and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements. Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues*, is an amendment to GASB Statements No. 67, No. 68, and No. 73, intended to improve consistency in the application of the accounting standards.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain information, such as notes regarding accounting policies and investments, is not included in this report and the retirement system and/or plan sponsor will be responsible for preparing and disclosing that information to comply with these accounting standards.

## Financial Statements

GASB Statement No. 68 requires state and local governmental employers to recognize the net pension liability and the pension expense on their financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Paragraph 57 of GASB Statement No. 68 states, "Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions." The information contained in this report does not incorporate any contributions made to the Local Government Correctional Service Retirement Plan subsequent to the measurement date of June 30, 2024.

The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience.

Pension plans that prepare their own, stand-alone financial statements are required to present two financial statements – a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position in accordance with GASB Statement No. 67. The *Statement of Fiduciary Net Position* presents the assets and liabilities of the pension plan at the end of the pension plan's reporting period. The *Statement of Changes in Fiduciary Net Position* presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expenses, and net increase or decrease in the fiduciary net position.



## Notes to Financial Statements

GASB Statement No. 68 requires the notes to the employer's financial statements to disclose the total pension expense, the pension plan's liabilities and assets, and deferred outflows and inflows of resources related to pensions.

Both GASB Statements No. 67 and No. 68 require the notes to the financial statements for the employers and pension plans to include certain descriptive information about the pension plans through which the pension benefits are provided. The list of disclosure items should include:

- A description of benefits provided by the plan;
- The classes of employees and number of members covered by the pension plan;
- A description of the plan's funding policy, which includes member and employer contribution requirements;
- The pension plan's investment policies;
- The pension plan's fiduciary net position, net pension liability, and the pension plan's fiduciary net position as a percentage of the total pension liability;
- The net pension liability using a discount rate that is 1% higher and 1% lower than the current discount rate used to calculate the total pension liability and net pension liability for financial reporting purposes;
- Significant assumptions and methods used to calculate the total pension liability;
- Inputs to the discount rates; and
- Certain information about mortality assumptions and the dates of experience studies.

Retirement systems that issue stand-alone financial statements are required to disclose additional information in accordance with GASB Statement No. 67. This information includes:

- The composition of the pension plan's Board and the authority under which benefit terms may be amended;
- A description of how fair value is determined;
- Information regarding certain reserves and investments, which include concentrations of investments greater than or equal to 5%, receivables, and insurance contracts excluded from plan assets; and
- Annual money-weighted rate of return.

## Required Supplementary Information

GASB Statement No. 67 requires a 10-year fiscal history of:

- Sources of changes in the net pension liability;
- Information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll; and
- Comparison of the actual employer contributions to the actuarially determined contributions based on the plan's funding policy.





## Measurement of the Net Pension Liability

The net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

## General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if there are no changes in benefits, Chapter 356 required contributions are made, and all actuarial assumptions are met (including the assumption of the plan earning 7.00% on the actuarial value of assets, as prescribed by statutes), it is expected that:

- (1) The normal cost of the plan is expected to remain approximately level as a percent of pay;
- (2) The funded status of the plan is expected to gradually improve and is expected to be 100% funded within the next 24 years; and
- (3) The unfunded liability will grow initially as a dollar amount for 2 years (based on the current 24-year amortization period and if contributions are equal to the required contribution amount) before beginning to decline.

The projections in this report are strictly for the purpose of determining the GASB single discount rate and are different from a funding projection for the ongoing plan.

## Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the market value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

- (1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to an unrelated third party in an arm's length market value type transaction.
- (2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. The amounts of future contributions will most certainly differ from those assumed in this report due to future actual experience differing from assumed experience based upon the actuarial assumptions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).
- (3) The measurement would produce a different result if the actuarial value of assets were used instead of the market value of assets.

## Limitation of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

## Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. For employer reporting, the net pension liability and pension expense should be measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total pension liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total pension liability shown in this report is based on an actuarial valuation performed as of June 30, 2024 and a measurement date of June 30, 2024.

## Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.97% (based on the weekly rate closest to but not later than the measurement date of Fidelity's "20-Year Municipal GO AA Index"); and the resulting single discount rate is 7.00%. PERA staff selected the long-term expected rate of investment return of 7.00% based on input from GRS that the proposed selection would be reasonable for the purpose of the measurement.

## One-time State Aid

A one-time State aid contribution of \$5.3 million was contributed to the plan on October 1, 2023.



## **SECTION B**

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### **FINANCIAL STATEMENTS**

# Statement of Pension Expense under GASB Statement No. 68

## Fiscal Year Ended June 30, 2024 (Dollars in Thousands)

### A. Expense

|  |           |               |
|--|-----------|---------------|
| 1. Service Cost  | \$        | 35,354        |
| 2. Interest on the Total Pension Liability   | \$        | 77,971        |
| 3. Current-Period Benefit Changes  | \$        | 26,237        |
| 4. Employee Contributions (made negative for addition here)  | \$        | (14,851)      |
| 5. Projected Earnings on Plan Investments (made negative for addition here)  | \$        | (75,027)      |
| 6. Pension Plan Administrative Expense   | \$        | 641           |
| 7. Other Changes in Plan Fiduciary Net Position  | \$        | (5,233)       |
| 8. Recognition of Outflow (Inflow) of Resources due to differences between expected and actual experience in the measurement of the Total Pension Liability  |           |               |
| <i>Arising from Current Reporting Period</i>   | \$        | 6,449         |
| 9. Recognition of Outflow (Inflow) of Resources due to assumption changes  |           |               |
| <i>Arising from Current Reporting Period</i>   | \$        | -             |
| 10. Recognition of Outflow (Inflow) of Resources due to the difference between projected (7.00%) and actual earnings on Pension Plan Investments             |           |               |
| <i>Arising from Current Reporting Period</i>   | \$        | (11,392)      |
| <b>11. Increase/(Decrease) from Experience in the Current Reporting Period</b>   | <b>\$</b> | <b>40,149</b> |
|  |           |               |
| 12. Recognition of Outflow (Inflow) of Resources due to differences between expected and actual experience in the measurement of the Total Pension Liability |           |               |
| <i>Arising from Prior Reporting Periods</i>  | \$        | 4,736         |
| 13. Recognition of Outflow (Inflow) of Resources due to assumption changes   |           |               |
| <i>Arising from Prior Reporting Periods</i>  | \$        | 4,521         |
| 14. Recognition of Outflow (Inflow) of Resources due to the difference between projected and actual earnings on Pension Plan Investments                     |           |               |
| <i>Arising from Prior Reporting Periods</i>  | \$        | (9,022)       |
| <b>15. Total Pension Expense / (Income)</b>  | <b>\$</b> | <b>40,384</b> |

### Recognition of Deferred Outflows and Inflows of Resources

Differences between expected and actual experience and changes in assumptions are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 34,063 years. Additionally, the total plan membership (active employees and inactive employees) was 12,611. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 3.00 years (rounded).

Additionally, differences between projected and actual earnings on plan investments should be recognized in pension expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the pension expense as a level dollar amount over the closed period identified above.



# Statement of Outflows and Inflows Arising from Current Reporting Period Fiscal Year Ended June 30, 2024 (Dollars in Thousands)

## A. Outflows (Inflows) of Resources due to Liabilities

|  |    |        |
|--|----|--------|
| 1. Difference between expected and actual experience<br>of the Total Pension Liability (gains) or losses   | \$ | 19,348 |
| 2. Assumption Changes (gains) or losses  | \$ | -      |
| 3. Recognition period for Liabilities: Average of the<br>expected remaining service lives of all employees {in years}  |    | 3.0000 |
| 4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the<br>difference between expected and actual experience<br>of the Total Pension Liability      | \$ | 6,449  |
| 5. Outflow (Inflow) of Resources to be recognized in the current pension expense for<br>Assumption Changes   | \$ | -      |
| 6. Outflow (Inflow) of Resources to be recognized in the current pension expense<br>due to Liabilities   | \$ | 6,449  |
| 7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the<br>difference between expected and actual experience<br>of the Total Pension Liability | \$ | 12,899 |
| 8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for<br>Assumption Changes  | \$ | -      |
| 9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses<br>due to Liabilities  | \$ | 12,899 |

## B. Outflows (Inflows) of Resources due to Assets

|  |    |          |
|--|----|----------|
| 1. Net difference between projected and actual earnings on<br>pension plan investments (gains) or losses | \$ | (56,958) |
| 2. Recognition period for Assets {in years}  |    | 5.0000   |
| 3. Outflow (Inflow) of Resources to be recognized in the current pension expense<br>due to Assets        | \$ | (11,392) |
| 4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses<br>due to Assets   | \$ | (45,566) |



# Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods Fiscal Year Ended June 30, 2024 (Dollars in Thousands)

## A. Outflows and Inflows of Resources due to Liabilities and Assets to be Recognized in Current Pension Expense

|                       | Outflows<br>of Resources | Inflows<br>of Resources | Net Outflows<br>of Resources |
|-----------------------|--------------------------|-------------------------|------------------------------|
| 1. Due to Liabilities | \$ 122,790               | \$ 107,084              | \$ 15,706                    |
| 2. Due to Assets      | \$ 31,599                | \$ 52,013               | \$ (20,414)                  |
| <b>3. Total</b>       | <b>\$ 154,389</b>        | <b>\$ 159,097</b>       | <b>\$ (4,708)</b>            |

## B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense

|   | Outflows<br>of Resources | Inflows<br>of Resources | Net Outflows<br>of Resources |
|---|--------------------------|-------------------------|------------------------------|
| 1. Differences between expected and actual experience                               | \$ 15,154                | \$ 3,969                | \$ 11,185                    |
| 2. Assumption Changes   | \$ 107,636               | \$ 103,115              | \$ 4,521                     |
| 3. Net Difference between projected and actual earnings on pension plan investments | \$ 31,599                | \$ 52,013               | \$ (20,414)                  |
| <b>4. Total</b>   | <b>\$ 154,389</b>        | <b>\$ 159,097</b>       | <b>\$ (4,708)</b>            |

## C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Net Deferred Outflows<br>of Resources |
|---|-----------------------------------|----------------------------------|---------------------------------------|
| 1. Differences between expected and actual experience                               | \$ 21,605                         | \$ -                             | \$ 21,605                             |
| 2. Assumption Changes   | \$ -                              | \$ 103,116                       | \$ (103,116)                          |
| 3. Net Difference between projected and actual earnings on pension plan investments | \$ 53,407                         | \$ 95,729                        | \$ (42,322)                           |
| <b>4. Total</b>   | <b>\$ 75,012</b>                  | <b>\$ 198,845</b>                | <b>\$ (123,833)</b>                   |

## D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

| Year Ending<br>June 30 | Net Deferred Outflows<br>of Resources |
|------------------------|---------------------------------------|
| 2025                   | \$ (113,270)                          |
| 2026                   | \$ 16,990                             |
| 2027                   | \$ (16,162)                           |
| 2028                   | \$ (11,391)                           |
| 2029                   | \$ -                                  |
| Thereafter             | \$ -                                  |
| <b>Total</b>           | <b>\$ (123,833)</b>                   |



## Recognition of Deferred Outflows and Inflows of Resources Fiscal Year Ended June 30, 2024 (Dollars in Thousands)

| Year Established  | Initial Amount | Initial<br>Recognition<br>Period | Current Year<br>Recognition | Remaining<br>Recognition | Remaining<br>Recognition<br>Period |
|---|----------------|----------------------------------|-----------------------------|--------------------------|------------------------------------|
| <b>Deferred Outflow (Inflow) Due to Differences Between Expected and Actual Experience on Liabilities</b>     |                |                                  |                             |                          |                                    |
| 2021  | \$ (3,822)     | 4.0000                           | \$ (955)                    | \$ 0                     | 0.0000                             |
| 2022  | \$ (9,042)     | 3.0000                           | \$ (3,014)                  | \$ 0                     | 0.0000                             |
| 2023  | \$ 26,116      | 3.0000                           | \$ 8,705                    | \$ 8,706                 | 1.0000                             |
| 2024  | \$ 19,348      | 3.0000                           | \$ 6,449                    | \$ 12,899                | 2.0000                             |
| <b>Total</b>  |                |                                  | <b>\$ 11,185</b>            | <b>\$ 21,605</b>         |                                    |
| <b>Deferred Outflow (Inflow) Due to Assumption Changes</b>  |                |                                  |                             |                          |                                    |
| 2021  | \$ 137,113     | 4.0000                           | \$ 34,279                   | \$ 0                     | 0.0000                             |
| 2022  | \$ 220,073     | 3.0000                           | \$ 73,357                   | \$ 0                     | 0.0000                             |
| 2023  | \$ (309,346)   | 3.0000                           | \$ (103,115)                | \$ (103,116)             | 1.0000                             |
| 2024  | \$ 0           | 3.0000                           | \$ 0                        | \$ 0                     | 2.0000                             |
| <b>Total</b>  |                |                                  | <b>\$ 4,521</b>             | <b>\$ (103,116)</b>      |                                    |
| <b>Deferred Outflow (Inflow) Due to Differences Between Projected and Actual Earnings on Plan Investments</b> |                |                                  |                             |                          |                                    |
| 2020  | \$ 24,475      | 5.0000                           | \$ 4,895                    | \$ 0                     | 0.0000                             |
| 2021  | \$ (179,252)   | 5.0000                           | \$ (35,851)                 | \$ (35,851)              | 1.0000                             |
| 2022  | \$ 133,519     | 5.0000                           | \$ 26,704                   | \$ 53,407                | 2.0000                             |
| 2023  | \$ (23,852)    | 5.0000                           | \$ (4,770)                  | \$ (14,312)              | 3.0000                             |
| 2024  | \$ (56,958)    | 5.0000                           | \$ (11,392)                 | \$ (45,566)              | 4.0000                             |
| <b>Total</b>  |                |                                  | <b>\$ (20,414)</b>          | <b>\$ (42,322)</b>       |                                    |
| <b>Deferred Outflow (Inflow) Due to All Sources</b>   |                |                                  |                             |                          |                                    |
| <b>Total</b>  |                |                                  | <b>\$ (4,708)</b>           | <b>\$ (123,833)</b>      |                                    |



## Statement of Fiduciary Net Position (Dollars in Thousands)

| Assets in Trust                             | Market Value        |                     |
|---|---------------------|---------------------|
|   | June 30, 2024       | June 30, 2023       |
| Cash, equivalents, short term securities    | \$ 19,749           | \$ 31,869           |
| Fixed income                                | \$ 278,227          | \$ 223,184          |
| Equity                                      | \$ 614,445          | \$ 541,314          |
| Private Markets                             | \$ 297,216          | \$ 270,615          |
| Other                                       | \$ -                | \$ -                |
| <b>Total Assets in Trust</b>                | <b>\$ 1,209,637</b> | <b>\$ 1,066,982</b> |
| Assets Receivable                           | \$ 964              | \$ 884              |
| Amounts Payable                             | \$ (2,188)          | \$ (666)            |
| <b>Net Position Restricted for Pensions</b> | <b>\$ 1,208,413</b> | <b>\$ 1,067,200</b> |



## Statement of Changes in Fiduciary Net Position (Dollars in Thousands)

| Change in Assets  | Market Value        |                     |
|---|---------------------|---------------------|
|   | June 30, 2024       | June 30, 2023       |
| <b>Year Ending</b>  |                     |                     |
| 1. Fund balance at market value at beginning of year                    | \$ 1,067,200        | \$ 975,315          |
| 2. Adjustment to match beginning of year asset statement                | \$ (1)              | \$ -                |
| 3. Fund balance at market value at beginning of year                    | \$ 1,067,199        | \$ 975,315          |
| 4. Contributions  |                     |                     |
| a. Member   | \$ 14,851           | \$ 13,894           |
| b. Employer   | \$ 22,209           | \$ 20,518           |
| c. Other sources  | \$ -                | \$ -                |
| d. Total contributions  | \$ 37,060           | \$ 34,412           |
| 5. Investment income  |                     |                     |
| a. Investment income/(loss)   | \$ 136,466          | \$ 87,753           |
| b. Investment expenses  | \$ (4,481)          | \$ (360)            |
| c. Net subtotal   | \$ 131,985          | \$ 87,393           |
| 6. Other <sup>^</sup>   | \$ 5,234            | \$ -                |
| <b>7. Total additions: (4.d.) + (5.c.) + (6.)</b>                       | <b>\$ 174,279</b>   | <b>\$ 121,805</b>   |
| 8. Benefits Paid  |                     |                     |
| a. Annuity benefits   | \$ (29,865)         | \$ (27,117)         |
| b. Refunds  | \$ (2,559)          | \$ (2,369)          |
| c. Total benefits paid  | \$ (32,424)         | \$ (29,486)         |
| 9. Expenses   |                     |                     |
| a. Other  | \$ -                | \$ -                |
| b. Administrative   | \$ (641)            | \$ (434)            |
| c. Total expenses   | \$ (641)            | \$ (434)            |
| <b>10. Total deductions: (8.c.) + (9.c.)</b>                            | <b>\$ (33,065)</b>  | <b>\$ (29,920)</b>  |
| 11. Net increase (decrease) in net position: (2.) + (7.) + (10.)        | \$ 141,213          | \$ 91,885           |
| <b>12. Net position restricted for pensions</b>                         | <b>\$ 1,208,413</b> | <b>\$ 1,067,200</b> |
| 13. State Board of Investment calculated investment return <sup>#</sup> | 12.4%               | 9.0%                |

<sup>#</sup> Provided by PERA and calculated by the State Board of Investment.

<sup>^</sup> Includes \$5.3 million in one-time State aid in year ending 2024.



## SECTION C

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### REQUIRED SUPPLEMENTARY INFORMATION

# Schedule of Changes in Net Pension Liability and Related Ratios

## Current Period

### Fiscal Year Ended June 30, 2024 (Dollars in Thousands)

|  |                            |
|--|----------------------------|
| <b>A. Total pension liability</b>  |                            |
| 1. Service Cost  | \$ 35,354                  |
| 2. Interest on the Total Pension Liability   | \$ 77,971                  |
| 3. Changes of benefit terms  | \$ 26,237                  |
| 4. Difference between expected and actual experience of the Total Pension Liability  | \$ 19,348 <sup>(2)</sup>   |
| 5. Changes of assumptions  | \$ -                       |
| 6. Benefit payments, including refunds of employee contributions                     | \$ (32,424)                |
| 7. Net change in total pension liability   | \$ 126,486                 |
| 8. Total pension liability – beginning   | \$ 1,112,405               |
| 9. Total pension liability – ending  | <u><u>\$ 1,238,891</u></u> |
| <b>B. Plan fiduciary net position</b>  |                            |
| 1. Contributions – employer  | \$ 22,209                  |
| 2. Contributions – employee  | \$ 14,851                  |
| 3. Net investment income   | \$ 131,985                 |
| 4. Benefit payments, including refunds of employee contributions                     | \$ (32,424)                |
| 5. Pension Plan Administrative Expense   | \$ (641)                   |
| 6. Other   | \$ 5,233 <sup>(3)</sup>    |
| 7. Net change in plan fiduciary net position   | \$ 141,213                 |
| 8. Plan fiduciary net position – beginning   | \$ 1,067,200               |
| 9. Plan fiduciary net position – ending  | <u><u>\$ 1,208,413</u></u> |
| <b>C. Net pension liability</b>  | <u><u>\$ 30,478</u></u>    |
| <b>D. Plan fiduciary net position as a percentage of the total pension liability</b> | <b>97.54%</b>              |
| <b>E. Covered-employee payroll</b>   | \$ 254,734 <sup>(1)</sup>  |
| <b>F. Net pension liability as a percentage of covered-employee payroll</b>          | <b>11.96%</b>              |

<sup>(1)</sup> Assumed equal to actual member contributions divided by member contribution rate.

<sup>(2)</sup> Includes impact of changes in expected timing of future post-retirement benefit increases.

<sup>(3)</sup> Includes (\$1) adjustment to the beginning of year assets.



# Schedules of Required Supplementary Information

## Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

### (Dollars in Thousands)

#### Last 10 Fiscal Years

| Fiscal year ending June 30,   | 2024                | 2023                | 2022                | 2021                | 2020              | 2019              | 2018                | 2017              | 2016              | 2015              |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| <b>Total Pension Liability</b>  |                     |                     |                     |                     |                   |                   |                     |                   |                   |                   |
| Service Cost  | \$ 35,354           | \$ 45,941           | \$ 36,877           | \$ 32,307           | \$ 33,172         | \$ 30,362         | \$ 45,378           | \$ 49,202         | \$ 25,950         | \$ 25,098         |
| Interest on the Total Pension Liability                                       | \$ 77,971           | \$ 71,324           | \$ 66,604           | \$ 61,462           | \$ 57,354         | \$ 52,741         | \$ 53,811           | \$ 47,336         | \$ 40,605         | \$ 37,043         |
| Benefit Changes   | \$ 26,237           | \$ 141              | \$ -                | \$ -                | \$ -              | \$ -              | \$ (66,822)         | \$ -              | \$ -              | \$ -              |
| Difference between Expected and Actual Experience                             | \$ 19,348           | \$ 26,116           | \$ (9,042)          | \$ (3,822)          | \$ (12,083)       | \$ (1,846)        | \$ 1,018            | \$ (3,516)        | \$ 382            | \$ (7,892)        |
| Assumption Changes  | \$ -                | \$ (309,346)        | \$ 220,073          | \$ 137,113          | \$ (1,977)        | \$ (2,206)        | \$ (209,457)        | \$ (66,147)       | \$ 310,332        | \$ -              |
| Benefit Payments  | \$ (29,865)         | \$ (27,117)         | \$ (23,372)         | \$ (20,088)         | \$ (17,569)       | \$ (15,381)       | \$ (13,183)         | \$ (11,033)       | \$ (9,381)        | \$ (7,777)        |
| Refunds   | \$ (2,559)          | \$ (2,369)          | \$ (2,713)          | \$ (2,140)          | \$ (2,709)        | \$ (2,244)        | \$ (1,364)          | \$ (1,478)        | \$ (982)          | \$ (1,057)        |
| <b>Net Change in Total Pension Liability</b>                                  | <b>\$ 126,486</b>   | <b>\$ (195,310)</b> | <b>\$ 288,427</b>   | <b>\$ 204,832</b>   | <b>\$ 56,188</b>  | <b>\$ 61,426</b>  | <b>\$ (190,619)</b> | <b>\$ 14,364</b>  | <b>\$ 366,906</b> | <b>\$ 45,415</b>  |
| <b>Total Pension Liability - Beginning</b>                                    | <b>\$ 1,112,405</b> | <b>\$ 1,307,715</b> | <b>\$ 1,019,288</b> | <b>\$ 814,456</b>   | <b>\$ 758,268</b> | <b>\$ 696,842</b> | <b>\$ 887,461</b>   | <b>\$ 873,097</b> | <b>\$ 506,191</b> | <b>\$ 460,776</b> |
| <b>Total Pension Liability - Ending (a)</b>                                   | <b>\$ 1,238,891</b> | <b>\$ 1,112,405</b> | <b>\$ 1,307,715</b> | <b>\$ 1,019,288</b> | <b>\$ 814,456</b> | <b>\$ 758,268</b> | <b>\$ 696,842</b>   | <b>\$ 887,461</b> | <b>\$ 873,097</b> | <b>\$ 506,191</b> |
| <b>Plan Fiduciary Net Position</b>  |                     |                     |                     |                     |                   |                   |                     |                   |                   |                   |
| Employer Contributions  | \$ 22,209           | \$ 20,518           | \$ 19,227           | \$ 19,351           | \$ 19,043         | \$ 18,676         | \$ 17,871           | \$ 17,489         | \$ 16,490         | \$ 15,736         |
| Employee Contributions  | \$ 14,851           | \$ 13,894           | \$ 12,843           | \$ 12,948           | \$ 12,692         | \$ 12,485         | \$ 11,956           | \$ 11,666         | \$ 11,008         | \$ 10,472         |
| Pension Plan Net Investment Income  | \$ 131,985          | \$ 87,393           | \$ (66,015)         | \$ 238,666          | \$ 31,774         | \$ 50,853         | \$ 62,962           | \$ 78,363         | \$ 209            | \$ 20,373         |
| Benefit Payments  | \$ (29,865)         | \$ (27,117)         | \$ (23,372)         | \$ (20,088)         | \$ (17,569)       | \$ (15,381)       | \$ (13,183)         | \$ (11,033)       | \$ (9,381)        | \$ (7,777)        |
| Refunds   | \$ (2,559)          | \$ (2,369)          | \$ (2,713)          | \$ (2,140)          | \$ (2,709)        | \$ (2,244)        | \$ (1,364)          | \$ (1,478)        | \$ (982)          | \$ (1,057)        |
| Pension Plan Administrative Expense   | \$ (641)            | \$ (434)            | \$ (371)            | \$ (344)            | \$ (332)          | \$ (361)          | \$ (308)            | \$ (330)          | \$ (290)          | \$ (247)          |
| Other   | \$ 5,233            | \$ -                | \$ -                | \$ 1                | \$ -              | \$ -              | \$ 1                | \$ -              | \$ (2)            | \$ (1)            |
| <b>Net Change in Plan Fiduciary Net Position</b>                              | <b>\$ 141,213</b>   | <b>\$ 91,885</b>    | <b>\$ (60,401)</b>  | <b>\$ 248,394</b>   | <b>\$ 42,899</b>  | <b>\$ 64,028</b>  | <b>\$ 77,935</b>    | <b>\$ 94,677</b>  | <b>\$ 17,052</b>  | <b>\$ 37,499</b>  |
| <b>Plan Fiduciary Net Position - Beginning</b>                                | <b>\$ 1,067,200</b> | <b>\$ 975,315</b>   | <b>\$ 1,035,716</b> | <b>\$ 787,322</b>   | <b>\$ 744,423</b> | <b>\$ 680,395</b> | <b>\$ 602,460</b>   | <b>\$ 507,783</b> | <b>\$ 490,731</b> | <b>\$ 453,232</b> |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                               | <b>\$ 1,208,413</b> | <b>\$ 1,067,200</b> | <b>\$ 975,315</b>   | <b>\$ 1,035,716</b> | <b>\$ 787,322</b> | <b>\$ 744,423</b> | <b>\$ 680,395</b>   | <b>\$ 602,460</b> | <b>\$ 507,783</b> | <b>\$ 490,731</b> |
| <b>Net Pension Liability - Ending (a) - (b)</b>                               | <b>\$ 30,478</b>    | <b>\$ 45,205</b>    | <b>\$ 332,400</b>   | <b>\$ (16,428)</b>  | <b>\$ 27,134</b>  | <b>\$ 13,845</b>  | <b>\$ 16,447</b>    | <b>\$ 285,001</b> | <b>\$ 365,314</b> | <b>\$ 15,460</b>  |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b> | 97.54 %             | 95.94 %             | 74.58 %             | 101.61 %            | 96.67 %           | 98.17 %           | 97.64 %             | 67.89 %           | 58.16 %           | 96.95 %           |
| <b>Covered Employee Payroll</b>   | \$ 254,734          | \$ 238,319          | \$ 220,292          | \$ 222,093          | \$ 217,702        | \$ 214,151        | \$ 205,077          | \$ 200,103        | \$ 188,816        | \$ 179,623        |
| <b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>      | 11.96 %             | 18.97 %             | 150.89 %            | (7.40)%             | 12.46 %           | 6.47 %            | 8.02 %              | 142.43 %          | 193.48 %          | 8.61 %            |

Notes to Schedule:

N/A



# Schedules of Required Supplementary Information

## Schedule of Net Pension Liability Multiyear (Dollars in Thousands)

### Last 10 Fiscal Years

| FY Ending<br>June 30, | Total<br>Pension<br>Liability | Plan Net<br>Position | Net Pension<br>Liability | Plan Net Position<br>as a % of Total<br>Pension Liability | Covered<br>Payroll | Net Pension Liability<br>as a % of<br>Covered Payroll |
|-----------------------|-------------------------------|----------------------|--------------------------|---|--------------------|---|
| 2015                  | \$ 506,191                    | \$ 490,731           | \$ 15,460                | 96.95%  | \$ 179,623         | 8.61%   |
| 2016                  | \$ 873,097                    | \$ 507,783           | \$ 365,314               | 58.16%  | \$ 188,816         | 193.48%   |
| 2017                  | \$ 887,461                    | \$ 602,460           | \$ 285,001               | 67.89%  | \$ 200,103         | 142.43%   |
| 2018                  | \$ 696,842                    | \$ 680,395           | \$ 16,447                | 97.64%  | \$ 205,077         | 8.02%   |
| 2019                  | \$ 758,268                    | \$ 744,423           | \$ 13,845                | 98.17%  | \$ 214,151         | 6.47%   |
| 2020                  | \$ 814,456                    | \$ 787,322           | \$ 27,134                | 96.67%  | \$ 217,702         | 12.46%  |
| 2021                  | \$ 1,019,288                  | \$ 1,035,716         | \$ (16,428)              | 101.61%   | \$ 222,093         | -7.40%  |
| 2022                  | \$ 1,307,715                  | \$ 975,315           | \$ 332,400               | 74.58%  | \$ 220,292         | 150.89%   |
| 2023                  | \$ 1,112,405                  | \$ 1,067,200         | \$ 45,205                | 95.94%  | \$ 238,319         | 18.97%  |
| 2024                  | \$ 1,238,891                  | \$ 1,208,413         | \$ 30,478                | 97.54%  | \$ 254,734         | 11.96%  |

# Schedule of Contributions Multiyear (Dollars in Thousands)

## Last 10 Fiscal Years

| FY Ending<br>June 30, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Actual Contribution<br>as a % of<br>Covered Payroll |
|-----------------------|---|------------------------|--|--------------------|---|
| 2015                  | \$ 13,759                                 | \$ 15,736              | \$ (1,977)                             | \$ 179,623         | 8.76%   |
| 2016                  | \$ 16,446                                 | \$ 16,490              | \$ (44)                                | \$ 188,816         | 8.73  |
| 2017                  | \$ 17,269                                 | \$ 17,489              | \$ (220)                               | \$ 200,103         | 8.74  |
| 2018                  | \$ 19,031                                 | \$ 17,871              | \$ 1,160                               | \$ 205,077         | 8.71  |
| 2019                  | \$ 19,466                                 | \$ 18,676              | \$ 790                                 | \$ 214,151         | 8.72  |
| 2020                  | \$ 19,593                                 | \$ 19,043              | \$ 550                                 | \$ 217,702         | 8.75  |
| 2021                  | \$ 19,167                                 | \$ 19,351              | \$ (184)                               | \$ 222,093         | 8.71  |
| 2022                  | \$ 13,063                                 | \$ 19,227              | \$ (6,164)                             | \$ 220,292         | 8.73  |
| 2023                  | \$ 13,251                                 | \$ 20,518              | \$ (7,267)                             | \$ 238,319         | 8.61  |
| 2024                  | \$ 23,206                                 | \$ 22,209              | \$ 997                                 | \$ 254,734         | 8.72  |

## Notes to Schedule of Contributions

### Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year Ending June 30, 2024:

|                               |  |
|-------------------------------|--|
| Valuation Date                | June 30, 2023  |
| Notes                         | Actuarially determined contribution rates are calculated as of each June 30 and apply to the fiscal year beginning on the day after the measurement date.                              |
| Actuarial Cost Method         | Entry Age Normal   |
| Amortization Method           | Level Percentage of Payroll, Closed  |
| Remaining Amortization Period | 30 years   |
| Asset Valuation Method        | 5-Year smoothed market; no corridor  |
| Inflation                     | 2.25%  |
| Payroll Growth                | 3.00%  |
| Salary Increases              | 3.00% to 11.00% including inflation  |
| Investment Rate of Return     | 7.00%  |
| Retirement Age                | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2015 - 2019. |
| Mortality                     | PUB-2010 annuitant generational Public Safety mortality table projected with mortality improvement scale MP-2021, from a base year of 2010. Male rates adjusted by a factor of 0.98.   |

### Other Information:

|       |   |
|-------|---|
| Notes | The plan is assumed to pay a 2.00% post-retirement benefit increase for all years. A one-time State aid contribution of \$5.3 million was contributed to the Plan on October 1, 2023.<br>See separate funding report as of June 30, 2023 for additional detail. |
|-------|---|



# Schedule of Investment Returns Multiyear

## Last 10 Fiscal Years

| <b>FY Ending<br/>June 30,</b> | <b>Annual<br/>Return<sup>1</sup></b> |
|-------------------------------|--------------------------------------|
| 2015                          | 4.4 %                                |
| 2016                          | 0.1                                  |
| 2017                          | 15.2                                 |
| 2018                          | 10.4                                 |
| 2019                          | 7.4                                  |
| 2020                          | 4.2                                  |
| 2021                          | 30.2                                 |
| 2022                          | (6.4)                                |
| 2023                          | 9.0                                  |
| 2024                          | 12.4                                 |

<sup>1</sup> Annual money-weighted rate of return, net of investment expenses.

The Minnesota State Board of Investment (SBI) compiled this data and the related investment notes and provided it to PERA for GASB compliance purposes. PERA furnished this information to us for inclusion within this report. We did not audit this information. We are not responsible for its accuracy or completeness.

### Rate of Return

For the fiscal year ended June 30, 2024, the annual money-weighted rate of return for the Local Government Correctional Service Retirement Plan was 12.4%. The money-weighted rate of return is a method of calculating period-by-period returns on pension plan investments that adjusts for the changing amounts actually invested. For purposes of this schedule, the money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.

To request additional information about the computation of the annual money-weighted rate of return and the investments for the Minnesota Retirement Systems (including the investments for PERA's defined benefit retirement funds), contact SBI at 60 Empire Drive, Suite 100, St. Paul, Minnesota, 55103, via email at [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us) or telephone at 651.296.3328.



## SECTION D

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### ADDITIONAL FINANCIAL STATEMENT DISCLOSURES



# Asset Allocation

## Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method. Estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectation from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio. For each major asset class that is included in the pension fund’s target asset allocation as of June 30, 2024, these estimates are summarized in the following table:

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return (geometric)</u> |
|----------------------|--------------------------|---|
| Domestic Equity      | 33.5%                    | 5.10%   |
| International Equity | 16.5%                    | 5.30%   |
| Private Markets      | 25.0%                    | 5.90%   |
| Fixed Income         | 25.0%                    | 0.75%   |
| Unallocated Cash     | 0.0%                     | 0.00%   |
| <b>Total</b>         | <u>100%</u>              |   |

The Minnesota State Board of Investment (SBI) compiled this data and the related investment notes and provided it to PERA for GASB compliance purposes. PERA furnished this information to us for inclusion within this report. We did not audit this information. We are not responsible for its accuracy or completeness.

For purposes of this valuation, the long-term expected rate of return assumption is 7.00%. This assumption is based on reviews of inflation and investment return assumptions included in the General Employees Retirement Plan experience study report dated June 29, 2023.

## Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member, employer, and state contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

### Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

*(Dollars in Thousands)*

|                                      | 1% Decrease<br>6.00% | Current Single Discount<br>Rate Assumption<br>7.00% | 1% Increase<br>8.00% |
|--------------------------------------|----------------------|---|----------------------|
| Total Pension Liability              | \$ 1,456,084         | \$ 1,238,891  | \$ 1,065,863         |
| Net Position Restricted for Pensions | \$ 1,208,413         | \$ 1,208,413  | \$ 1,208,413         |
| Net Pension Liability                | \$ <b>247,671</b>    | \$ <b>30,478</b>                                    | \$ <b>(142,550)</b>  |

For more information on the calculation of the single discount rate, refer to Section G of this report.

Note that we believe the 8.00% interest rate assumption does not comply with the Actuarial Standards of Practice.



## GASB Statement No. 68 Reconciliation (Dollars in Thousands) Current Reporting Period

|                                       | Total Pension<br>Liability<br>(a) | Plan Fiduciary Net<br>Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) | Current Period       |                     | Pension Expense* |
|---------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|----------------------|---------------------|------------------|
|                                       |                                   |                                       |                                       | Deferred<br>Outflows | Deferred<br>Inflows |                  |
| <b>Balance Beginning of Year</b>      | <b>\$ 1,112,405</b>               | <b>\$ 1,067,200</b>                   | <b>\$ 45,205</b>                      |                      |                     |                  |
| <b>Changes for the Year:</b>          |                                   |                                       |                                       |                      |                     |                  |
| Service Cost                          | \$ 35,354                         |                                       | \$ 35,354                             |                      |                     | \$ 35,354        |
| Interest on Total Pension Liability   | 77,971                            |                                       | 77,971                                |                      |                     | 77,971           |
| Interest on Fiduciary Net Position    |                                   | \$ 75,027                             | (75,027)                              |                      |                     | (75,027)         |
| Changes in Benefit Terms              | 26,237                            |                                       | 26,237                                |                      |                     | 26,237           |
| Liability Experience Gains and Losses | 19,348                            |                                       | 19,348                                | \$ 12,899            | \$ -                | 6,449            |
| Changes in Assumptions                | -                                 |                                       | -                                     | -                    | -                   | -                |
| Contributions - Employer              |                                   | 22,209                                | (22,209)                              |                      |                     |                  |
| Contributions - Employees             |                                   | 14,851                                | (14,851)                              |                      |                     | (14,851)         |
| Asset Gain/(Loss)                     |                                   | 56,958                                | (56,958)                              | -                    | 45,566              | (11,392)         |
| Benefit Payouts                       | (32,424)                          | (32,424)                              |                                       |                      |                     |                  |
| Administrative Expenses               |                                   | (641)                                 | 641                                   |                      |                     | 641              |
| Other**                               |                                   | 5,233                                 | (5,233)                               |                      |                     | (5,233)          |
| <b>Net Changes</b>                    | <b>\$ 126,486</b>                 | <b>\$ 141,213</b>                     | <b>\$ (14,727)</b>                    | <b>\$ 12,899</b>     | <b>\$ 45,566</b>    | <b>\$ 40,149</b> |
| <b>Balance End of Year</b>            | <b>\$ 1,238,891</b>               | <b>\$ 1,208,413</b>                   | <b>\$ 30,478</b>                      |                      |                     |                  |

\* Pension Expense from Experience in the Current Reporting Period.

\*\*Includes (\$1) adjustment to the beginning of year assets.



## GASB Statement No. 68 Reconciliation (Dollars in Thousands)

### Current and Prior Reporting Periods

|                                       | Total Pension<br>Liability<br>(a) | Plan Fiduciary Net<br>Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) | Deferred<br>Outflows | Deferred<br>Inflows | Net Deferred<br>Outflows Prior<br>Year | Total<br>Pension Expense* |
|---------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|----------------------|---------------------|--|---------------------------|
| <b>Balance Beginning of Year</b>      | <b>\$ 1,112,405</b>               | <b>\$ 1,067,200</b>                   | <b>\$ 45,205</b>                      |                      |                     |  |                           |
| <b>Changes for the Year:</b>          |                                   |                                       |                                       |                      |                     |  |                           |
| Service Cost                          | \$ 35,354                         |                                       | \$ 35,354                             |                      |                     |  | \$ 35,354                 |
| Interest on Total Pension Liability   | 77,971                            |                                       | 77,971                                |                      |                     |  | 77,971                    |
| Interest on Fiduciary Net Position    |                                   | \$ 75,027                             | (75,027)                              |                      |                     |  | (75,027)                  |
| Changes in Benefit Terms              | 26,237                            |                                       | 26,237                                |                      |                     |  | 26,237                    |
| Liability Experience Gains and Losses | 19,348                            |                                       | 19,348                                | \$ 21,605            | \$ -                | \$ 13,442                              | 11,185                    |
| Changes in Assumptions                | -                                 |                                       | -                                     | -                    | 103,116             | (98,595)                               | 4,521                     |
| Contributions - Employer              |                                   | 22,209                                | (22,209)                              |                      |                     |  |                           |
| Contributions - Employees             |                                   | 14,851                                | (14,851)                              |                      |                     |  | (14,851)                  |
| Asset Gain/(Loss)                     |                                   | 56,958                                | (56,958)                              | 53,407               | 95,729              | (5,778)                                | (20,414)                  |
| Benefit Payouts                       | (32,424)                          | (32,424)                              |                                       |                      |                     |  |                           |
| Administrative Expenses               |                                   | (641)                                 | 641                                   |                      |                     |  | 641                       |
| Other**                               |                                   | 5,233                                 | (5,233)                               |                      |                     |  | (5,233)                   |
| <b>Net Changes</b>                    | <b>\$ 126,486</b>                 | <b>\$ 141,213</b>                     | <b>\$ (14,727)</b>                    |                      |                     |  | <b>\$ 40,384</b>          |
| <b>Balance End of Year</b>            | <b>\$ 1,238,891</b>               | <b>\$ 1,208,413</b>                   | <b>\$ 30,478</b>                      | <b>\$ 75,012</b>     | <b>\$ 198,845</b>   | <b>\$ (90,931)</b>                     |                           |

\* Pension Expense from Experience in the Current and Prior Reporting Periods.

\*\*Includes (\$1) adjustment to the beginning of year assets.



## Summary of Population Statistics

|                                | Terminated   |                     |                  | Recipients         |                       |            | Total         |
|--------------------------------|--------------|---------------------|------------------|--------------------|-----------------------|------------|---------------|
|                                | Actives      | Deferred Retirement | Other Non-Vested | Service Retirement | Disability Retirement | Survivor   |               |
| <b>Members on July 1, 2023</b> | <b>3,786</b> | <b>4,378</b>        | <b>2,604</b>     | <b>1,506</b>       | <b>237</b>            | <b>100</b> | <b>12,611</b> |
| New members                    | 736          |                     |                  |                    |                       |            | 736           |
| Return to active               | 56           | (22)                | (34)             | 0                  | 0                     | 0          | 0             |
| Terminated non-vested          | (341)        | 0                   | 341              | 0                  | 0                     | 0          | 0             |
| Service retirements            | (45)         | (72)                | 0                | 117                | 0                     | 0          | 0             |
| Terminated deferred            | (177)        | 177                 | 0                | 0                  | 0                     | 0          | 0             |
| Terminated refund/transfer     | (91)         | (59)                | (229)            | 0                  | 0                     | 0          | (379)         |
| Deaths                         | (3)          | (5)                 | (3)              | (18)               | (3)                   | (3)        | (35)          |
| New beneficiary                | 0            | 0                   | 0                | 0                  | 0                     | 8          | 8             |
| Disabled                       | (7)          | 0                   | 0                | 0                  | 7                     | 0          | 0             |
| Data adjustments               | 0            | 240                 | (44)             | 0                  | 7                     | 0          | 203           |
| Net change                     | 128          | 259                 | 31               | 99                 | 11                    | 5          | 533           |
| <b>Members on July 1, 2024</b> | <b>3,914</b> | <b>4,637</b>        | <b>2,635</b>     | <b>1,605</b>       | <b>248</b>            | <b>105</b> | <b>13,144</b> |

## SECTION E

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### SUMMARY OF BENEFITS

## Summary of Plan Provisions

Following is a summary of the major plan provisions used in the valuation of this report. PERA is solely responsible for the validity, accuracy and comprehensiveness of this information. If any of the plan provisions shown below are not accurate and complete, the valuation results may differ significantly from those shown in this report and may require a revision of this report.

|                          |  |  |                 |
|--------------------------|--|--|-----------------|
| <b>Plan year</b>         | July 1 through June 30.  |  |                 |
| <b>Eligibility</b>       | Local government employees in covered correctional service for a county administered jail or correctional facility or in a regional correctional facility administered by multiple counties, who are directly responsible for security, custody and control of persons confined in jail or facility, who are expected to respond to incidents within the jail or facility, and who are not members of the Public Employees Police and Fire Fund. |  |                 |
| <b>Contributions</b>     | Shown as a percent of salary:  |  |                 |
|                          | <u>Effective as of</u>   | <u>Member</u>  | <u>Employer</u> |
|                          | Current  | 5.83%  | 8.75%           |
|                          | July 1, 2025   | 6.83%  | 10.25%          |
|                          | Member contributions are “picked up” according to the provisions of Internal Revenue Code 414(h).  |  |                 |
|                          | A one-time direct State aid contribution of \$5.3 million was contributed to the Plan on October 1, 2023.  |  |                 |
| <b>Allowable service</b> | Local Government Correctional Service during which member contributions were made (effective July 1, 1999). May also include certain leaves of absence, military service and periods while temporary Worker’s Compensation is paid.  |  |                 |
| <b>Salary</b>            | Includes amounts deducted for deferred compensation or supplemental retirement plans, net income from fees and sick leave payments funded by the employer. Excludes unused annual leaves and sick leave payments, severance payments, Workers’ Compensation benefits and employer-paid flexible spending accounts, cafeteria plans, healthcare expense accounts, day-care expenses, fringe benefits and the cost of insurance coverage.          |  |                 |
| <b>Average salary</b>    | Average of the five highest successive years of salary. Average Salary is based on all Allowable Service if less than five years.  |  |                 |
| <b>Vesting</b>           | Hired before July 1, 2010:   | 100% vested after 3 years of Allowable Service.  |                 |
|                          | Hired after June 30, 2010:   | 50% vested after 5 years of Allowable Service;<br>60% vested after 6 years of Allowable Service;<br>70% vested after 7 years of Allowable Service;<br>80% vested after 8 years of Allowable Service;<br>90% vested after 9 years of Allowable Service; and<br>100% vested after 10 years of Allowable Service. |                 |



## Summary of Plan Provisions (Continued)

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|                                  |  |
|----------------------------------|--|
| <b>Retirement</b>                |  |
| <u>Normal retirement benefit</u> |  |
| Age/service requirement          | Age 55 and vested. Proportionate Retirement Annuity is available at age 65 and one year of Allowable Service.  |
| Amount                           | 1.9% of Average Salary for each year of Allowable Service earned through June 30, 2025, plus 2.2% of Average Salary for each year of Allowable Service earned on or after July 1, 2025, pro rata for completed months, adjusted for partial vesting if applicable. |

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|                          |   |
|--------------------------|---|
| <u>Early Retirement</u>  |   |
| Age/service requirement  | Age 50 and vested.  |
| Amount                   | Normal Retirement Benefit based on Allowable Service and Average Salary at retirement date with actuarial reduction to commencement age assuming 3% augmentation to age 55 (2.50% if hired after June 30, 2006). Augmentation adjustment is phased out over a five-year period starting July 1, 2019, resulting in no augmentation adjustment after June 30, 2024.  |
| <u>Form of payment</u>   | Life annuity. Actuarially equivalent options are: 25%, 50%, 75% or 100% Joint and Survivor. If a Joint and Survivor benefit is elected and the beneficiary predeceases the annuitant, the annuitant's benefit increases to the Life Annuity amount. This "bounce back" is subsidized by the plan.   |
| <u>Benefit increases</u> | <p>Benefit recipients receive increases each year in January based upon 100% of the current Social Security increase, not less than 1.0% and not more than 2.5%, beginning January 1, 2019. If the funding status declines to 85% for two consecutive years or 80% for one year on a market value of assets basis, the maximum increase will be lowered to 1.5%. If the maximum increase is 1.5%, and the Plans' funding ratio improves to 85% for two consecutive years on a market value of assets basis, then the maximum increase will revert to 2.5%.</p> <p>A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.</p> |

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|                         |  |
|-------------------------|--|
| <b>Disability</b>       |  |
| <u>Duty Disability</u>  |  |
| Age/service requirement | Member who cannot perform duties as a direct result of a disability relating to an act of duty specific to protecting the property and personal safety of others.  |
| Amount                  | <p>55.0% (47.5% if disabled prior to July 1, 2025) of Average Salary plus 2.20% (1.90% if disabled prior to July 1, 2025) of Average Salary for each year in excess of 25 years of Allowable Service (pro rata for completed months).</p> <p>Payment begins at disability and ends at age 65 or earlier if disability ceases or death occurs. Benefits may be paid upon re-employment but salary plus benefit cannot exceed current salary of position held at time of disability.</p> |

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## Summary of Plan Provisions (Continued)

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|                               |   |
|-------------------------------|---|
| <b>Disability (Concluded)</b> |   |
| <u>Regular Disability</u>     |   |
| Age/service requirement       | At least one year of Allowable Service and a disability preventing member from performing normal duties that arise out of activities not related to covered employment or while at work; activities related to duties that do not present inherent dangers specific to occupation.  |
| Amount                        | Normal Retirement Benefit based on Allowable Service (minimum of 10 years) and Average Salary at disability.<br><br>Payment begins at disability and ends at age 65 or earlier if disability ceases or death occurs. Benefits may be paid upon re-employment but salary plus benefit cannot exceed current salary of position held at time of disability. |
| <u>Retirement benefit</u>     |   |
| Age/service requirement       | Age 65 with continued disability.   |
| Amount                        | Any optional annuity continues. Otherwise, the larger of the disability benefit paid before age 65 or the normal retirement benefit available at age 65, or an actuarially equivalent optional annuity.   |
| <u>Form of payment</u>        | Same as for retirement.   |
| <u>Benefit increases</u>      | Same as for retirement.   |

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|                                 |   |
|---------------------------------|---|
| <b>Death</b>                    |   |
| <u>Surviving spouse benefit</u> |   |
| Age/service requirement         | Vested active member at any age or vested former member age 50 or older who dies before retirement or disability benefit commences. If an active member dies, benefits may commence immediately, regardless of age.   |
| Amount                          | Surviving spouse receives the 100% joint and survivor benefit using the Normal Retirement formula above. If commencement is prior to age 55, the appropriate early retirement formula described above applies except that one-half the monthly reduction factor is used from age 50 to the commencement age. In lieu of this benefit, the surviving spouse may elect a refund of contributions with interest or an actuarially equivalent term certain annuity (lump sum payable to estate at death). |
| Benefit increases               | Same as for retirement.   |

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## Summary of Plan Provisions (Continued)

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|   |  |
|---|--|
| <b>Death (Concluded)</b>                      |  |
| <u>Surviving dependent children's benefit</u> |  |
| Age/service requirement                       | If no surviving spouse, all dependent children (biological or adopted) below age 23 who are dependent for more than half of their support on deceased  |
| Amount  | Actuarially equivalent to surviving spouse 100% joint and survivor annuity payable to the later of age 23 or five years. The amount is to be proportionally divided among surviving children.  |
| <u>Refund of contributions</u>                |  |
| Age/service requirement                       | Active employee dies and survivor benefits paid are less than member's contributions or a former employee dies before annuity begins.  |
| Amount  | If no survivor benefits are paid, the member's contributions with 6.00% interest until June 30, 2011; 4.00% to June 30, 2018; 3.00% thereafter. If survivor benefits are paid and accumulated contributions exceed total payments to the surviving spouse and children, then the remaining contributions are paid out. |

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|                                |   |
|--------------------------------|---|
| <b>Termination</b>             |   |
| <u>Refund of contributions</u> |   |
| Age/service requirement        | Termination of local government service.  |
| Amount                         | Member's contributions with 6.00% interest through June 30, 2011. Beginning July 1, 2011, a member's contributions increase at 4.00% interest. Beginning July 1, 2018, a member's contributions increase at 3.00% interest. If a member is vested, a deferred annuity may be elected in lieu of a refund.   |
| <u>Deferred benefit</u>        |   |
| Age/service requirement        | Partially or fully vested.  |
| Amount                         | Benefit computed under law in effect at termination and increased by the following percentage (augmentation), compounded annually, if termination of employment is prior to January 1, 2012:<br><br>(a.) 3.00% (2.50% if hired after June 30, 2006) until the earlier of January 1 of the year following attainment of age 55 and January 1, 2012;<br>(b.) 5.00% (2.50% if hired after June 30, 2006) thereafter until the earlier of the date the annuity begins and January 1, 2012;<br>(c.) 1.00% from January 1, 2012 through December 31, 2018; and<br>(d.) 0.00% thereafter.<br><br>If a member terminates employment after 2011, they are not eligible for augmentation. |
| <u>Form of payment</u>         | Same as for retirement.   |

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## Summary of Plan Provisions (Concluded)

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|                                     |  |
|-------------------------------------|--|
| <b>Actuarial equivalent factors</b> | Effective July 1, 2019, actuarially equivalent factors based on the RP-2014 mortality table for healthy annuitants for a member turning age 55 in 2021, reflecting projected mortality improvements using Scale MP-2017, male rates multiplied by 0.96, blended 65% males, 4.88% post-retirement interest, and 7.5% pre-retirement interest. Reflecting statutory requirements, joint and survivor factors are based on an interest assumption of 6.50%. |
|-------------------------------------|--|

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|                                 |  |
|---------------------------------|--|
| <b>Combined service annuity</b> | <p>Members are eligible for combined service benefits if they:</p> <ul style="list-style-type: none"><li>(a.) Meet minimum retirement age for each plan participated in and total public service meets the vesting requirements of each plan;</li><li>or</li><li>(b.) Have three or more years of service under PERA and the covered fund(s) (if hired prior to July 1, 2010).</li></ul> <p>Other requirements for combined service include:</p> <ul style="list-style-type: none"><li>(a.) Member must have at least six months of allowable service credit in each plan worked under; and</li><li>(b.) Member may not be in receipt of a benefit from another plan.</li></ul> <p>Members who meet the above requirements must have their benefit based on the following:</p> <ul style="list-style-type: none"><li>(a.) Allowable service in all covered plans is combined in order to determine eligibility for early retirement.</li><li>(b.) Average salary is based on the high five consecutive years during their entire service in all covered plans.</li></ul> |
|---------------------------------|--|

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|                                   |   |
|-----------------------------------|---|
| <b>Changes in plan provisions</b> | <p>Employee contribution rates will increase from 5.83% of pay to 6.83% of pay, effective July 1, 2025.</p> <p>Employer contribution rates will increase from 8.75% of pay to 10.25% of pay, effective July 1, 2025.</p> <p>The benefit multiplier was changed from 1.9% to 2.2%, for service earned after June 30, 2025.</p> |
|-----------------------------------|---|

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## SECTION F

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### ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

# Actuarial Methods Used for the Determination of Total Pension Liability and Related Values

## Actuarial Cost Method

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Total Pension Liability.

## Valuation of Future Post-Retirement Benefit Increases

Benefit increases after retirement will equal 100% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 2.50%, beginning January 1, 2019. Stochastic modeling was used to determine the assumption that benefit increases will equal 2.00% per year. This is only an assumption; actual increases will depend on actual experience. If the funding status on a market value basis declines to 85% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.50%. Effective July 1, 2023, the maximum benefit increase will revert back to 2.5%, if the maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

To determine an assumption regarding a future change in the post-retirement benefit increase, we performed a projection of liabilities and assets based on the following methods and assumptions:

- Future investment returns of 7.00%.
- Liabilities and normal cost based on statutory funding assumptions.
- Open group; stable active population (new member profile based on average new members hired in recent years).

Based on these assumptions and methods, the projection indicates that this plan is not expected to deteriorate to the funding ratio threshold required to lower the maximum benefit increase to 1.50%.

## Asset Valuation Method

Fair value of assets.



# Summary of Actuarial Assumptions Used for the Determination of Total Pension Liability and Related Values

The following assumptions were used in valuing the liabilities and benefits under the Plan. All actuarial assumptions are prescribed by Minnesota Statutes, the Legislative Commission on Pensions and Retirement (LCPR), or the Board of Trustees. These parties are responsible for selecting the assumptions used for this valuation. Unless noted otherwise, the assumptions prescribed are based on the experience study dated July 10, 2020, and a review of inflation and investment assumptions in the General Employees Retirement Plan Experience Study dated June 29, 2023. An experience study for the 2019-2023 period was issued on July 31, 2024. This report recommended changes to demographic assumptions, expected to be effective at a future date. The Allowance for Combined Service Annuity assumptions are based on an analysis completed by the LCPR actuary and documented in a report dated October 2016.

| Investment return                  | 7.00% per annum.   |      |                         |   |     |   |     |   |     |
|------------------------------------|--|------|-------------------------|---|-----|---|-----|---|-----|
| Single Discount Rate               | 7.00% per annum.   |      |                         |   |     |   |     |   |     |
| Benefit increases after retirement | 2.00% per annum.   |      |                         |   |     |   |     |   |     |
| Salary increases                   | Reported salary at valuation date increased according to the rate table to current fiscal year and annually for each future year. Prior fiscal year salary is annualized for members with less than one year of service earned during the year.  |      |                         |   |     |   |     |   |     |
| Inflation                          | 2.25% per year.  |      |                         |   |     |   |     |   |     |
| Payroll growth                     | 3.00% per year.  |      |                         |   |     |   |     |   |     |
| Mortality rates                    |  |      |                         |   |     |   |     |   |     |
| Healthy pre-retirement             | Pub-2010 Public Safety Mortality Table adjusted for mortality improvements using projection scale MP-2021.   |      |                         |   |     |   |     |   |     |
| Healthy post-retirement            | Pub-2010 Healthy Retired Public Safety Mortality Table adjusted for mortality improvements using projection scale MP-2021. Male rates are adjusted by a factor of 0.98.  |      |                         |   |     |   |     |   |     |
| Disabled                           | Pub-2010 Public Safety Disabled Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021. Male rates are adjusted by a factor of 1.05.  |      |                         |   |     |   |     |   |     |
| Notes                              | The Pub-2010 employee mortality table as published by the Society of Actuaries (SOA) contains mortality rates for ages 18 to 80 and the annuitant mortality table contains mortality rates for ages 50 to 120. We have extended the annuitant mortality table as needed for members and beneficiaries younger than age 50 who are receiving a benefit by deriving rates based on the employee table and the juvenile table. Similarly, we have extended the employee table as needed for members older than age 80 by deriving rates based on the annuitant table. |      |                         |   |     |   |     |   |     |
| Retirement                         | Members retiring from active status are assumed to retire according to the age-related rates shown in the rate table. Members who have attained the highest assumed retirement age are assumed to retire in one year. Note that plan changes reflected in this report may result in behavior changes that are not anticipated in the current retirement rates.   |      |                         |   |     |   |     |   |     |
| Withdrawal                         | Select and Ultimate rates based on actual experience. Ultimate rates after the third year are shown in the rate table. Select rates in the first three years are:  |      |                         |   |     |   |     |   |     |
|                                    | <table border="1"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">Select Withdrawal Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">27%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">23%</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">17%</td> </tr> </tbody> </table>   | Year | Select Withdrawal Rates | 1 | 27% | 2 | 23% | 3 | 17% |
| Year                               | Select Withdrawal Rates  |      |                         |   |     |   |     |   |     |
| 1                                  | 27%  |      |                         |   |     |   |     |   |     |
| 2                                  | 23%  |      |                         |   |     |   |     |   |     |
| 3                                  | 17%  |      |                         |   |     |   |     |   |     |



## Summary of Actuarial Assumptions (Continued)

|  |  |
|--|--|
| Disability                             | Age-related rates based on experience; see table of sample rates. All incidences are assumed to be duty-related.   |
| Allowance for combined service annuity | Liabilities for former members are increased by 35.0% for vested members and 1.0% for non-vested members to account for the effect of some participants having eligibility for a Combined Service Annuity.   |
| Administrative expenses                | In the valuation year, equal to prior year administrative expenses expressed as percentage of prior year projected payroll. In each subsequent year, equal to the initial administrative expense percentage applied to payroll for the closed group.   |
| Refund of contributions                | For non-vested members, account balances accumulate interest until the assumed commencement date and are discounted back to the valuation date. Active members decrementing after becoming eligible for a benefit are assumed to take the contributions accumulated with interest if larger than the value of the benefit.   |
| Commencement of deferred benefits      | Members receiving deferred annuities (including current terminated deferred members) are assumed to begin receiving benefits at age 55.  |
| Percentage married                     | 75% of active members are assumed to be married. Actual marital status is used for members in payment status.  |
| Age of spouse                          | Females are assumed to be three years younger than their male spouses. For members in payment status, actual spouse date of birth is used, if provided.  |
| Eligible children                      | Retiring members are assumed to have no dependent children.  |
| Form of payment                        | <p>Married members retiring from active status are assumed to elect subsidized joint and survivor form of annuity as follows:</p> <p style="margin-left: 40px;">Males:        10% elect 25% Joint &amp; Survivor option<br/>                         15% elect 50% Joint &amp; Survivor option<br/>                         5% elect 75% Joint &amp; Survivor option<br/>                         50% elect 100% Joint &amp; Survivor option</p> <p style="margin-left: 40px;">Females:     10% elect 25% Joint &amp; Survivor option<br/>                         10% elect 50% Joint &amp; Survivor option<br/>                         5% elect 75% Joint &amp; Survivor option<br/>                         25% elect 100% Joint &amp; Survivor option</p> <p>Remaining married members and unmarried members are assumed to elect the Straight Life option.</p> <p>Members receiving deferred annuities (including current terminated deferred members) are assumed to elect a straight life annuity.</p> |
| Eligibility testing                    | Eligibility for benefits is determined based upon the age nearest birthday and service on the date the decrement is assumed to occur.  |
| Decrement operation                    | Withdrawal decrements do not operate during retirement eligibility. Decrement are assumed to occur mid-fiscal year.  |
| Service credit accruals                | It is assumed that members accrue one year of service credit per year.   |
| Pay increases                          | Pay increases are assumed to happen at the beginning of the fiscal year. This is equivalent to assuming that reported earnings are pensionable earnings for the year ending on the valuation date.   |



## Summary of Actuarial Assumptions (Continued)

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|  |  |
|--|--|
| Unknown data for certain members                           | <p>To prepare this report, GRS has used and relied on participant data supplied by the Fund. Although GRS has reviewed the data in accordance with Actuarial Standards of Practice No. 23, GRS has not verified or audited any of the data or information provided.</p> <p>In cases where submitted data was missing or incomplete, the following assumptions, based on average results for applicable members, were applied:</p> <p><u>Data for active members:</u><br/>There were 201 members reported with a salary less than \$100 after annualization. We used prior year salary (123 members), if available; otherwise high five salary with a 10% load to account for salary increases (72 members). If neither prior year salary nor high five salary was available, we assumed a value of \$43,000 (6 members).</p> <p>There were also 222 members reported without a gender. We assumed male gender. There were also 8 members reported without a date of birth. We assumed these members were hired at age 30.</p> <p><u>Data for terminated members:</u><br/>We calculated benefits for these members using the reported Average Salary and credited service. If credited service was not reported (34 members), we used elapsed time from hire date to termination date (16 members); if elapsed time was not available, we assumed four years of service. If termination date was invalid or not reported (28 members), we assumed the termination date was equal to the hire date plus credited service, otherwise the valuation date. If Average Salary was not reported (0 members), we assumed a value of \$24,000. If the reported termination date occurs prior to the reported hire date, the two dates were swapped.</p> <p><u>Data for retired members:</u><br/>There were 5 members reported without a gender; male was assumed. There were no members reported without a date of birth or benefit.</p> <p>Because PERA reclassifies disabled members as retirees once the member reaches Normal Retirement Age, we compare the members that PERA reports as retirees to our disabled group from the last valuation. If a member was disabled in the prior valuation, we reclassify that member as a disabled retiree in this year's valuation. We reclassified 104 retirees as disabled retirees in this valuation.</p> |
| Changes in actuarial assumptions since the prior valuation | <p>There were no changes in actuarial assumptions since the prior valuation.</p>   |

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# Summary of Actuarial Assumptions (Continued)

## Percentage of Members Dying Each Year\*

| Age in<br>2024 | Healthy Post-<br>Retirement Mortality** |        | Healthy Pre-<br>Retirement Mortality** |        | Disability<br>Mortality** |        |
|----------------|---|--------|--|--------|---------------------------|--------|
|                | Male                                    | Female | Male                                   | Female | Male                      | Female |
|                | 20                                      | 0.04%  | 0.02%                                  | 0.04%  | 0.02%                     | 0.13%  |
| 25             | 0.04                                    | 0.02   | 0.04                                   | 0.02   | 0.13                      | 0.08   |
| 30             | 0.06                                    | 0.04   | 0.06                                   | 0.04   | 0.18                      | 0.12   |
| 35             | 0.07                                    | 0.05   | 0.07                                   | 0.05   | 0.22                      | 0.17   |
| 40             | 0.09                                    | 0.06   | 0.08                                   | 0.06   | 0.25                      | 0.20   |
| 45             | 0.13                                    | 0.08   | 0.09                                   | 0.07   | 0.28                      | 0.22   |
| 50             | 0.18                                    | 0.13   | 0.11                                   | 0.08   | 0.35                      | 0.27   |
| 55             | 0.28                                    | 0.25   | 0.17                                   | 0.12   | 0.48                      | 0.45   |
| 60             | 0.51                                    | 0.46   | 0.27                                   | 0.17   | 0.78                      | 0.72   |
| 65             | 0.86                                    | 0.73   | 0.41                                   | 0.22   | 1.24                      | 1.00   |
| 70             | 1.41                                    | 1.15   | 0.70                                   | 0.39   | 1.84                      | 1.40   |
| 75             | 2.43                                    | 1.98   | 1.26                                   | 0.78   | 2.99                      | 2.11   |
| 80             | 4.41                                    | 3.56   | 2.36                                   | 1.62   | 5.19                      | 3.56   |
| 85             | 8.12                                    | 6.37   | 7.41                                   | 5.58   | 8.77                      | 6.37   |
| 90             | 14.43                                   | 11.20  | 14.72                                  | 11.20  | 15.46                     | 11.20  |

\* Generally, mortality rates are expected to increase as age increases (with the exception of young ages, where expected mortality may decrease as age increases). In cases where the application of the projection scale would reverse the nature of this trend, standard mortality rates have been adjusted slightly. The adjustment has no material effect on these results.

\*\* Rates are adjusted for mortality improvement using Scale MP-2021, from a base year of 2010.

| Age | Withdrawal Rates |        | Rates of<br>Disability Retirement |        |
|-----|------------------|--------|-----------------------------------|--------|
|     | Male             | Female | Male                              | Female |
| 20  | 17.00%           | 17.00% | 0.04%                             | 0.04%  |
| 25  | 17.00            | 17.00  | 0.06                              | 0.06   |
| 30  | 11.00            | 13.00  | 0.10                              | 0.08   |
| 35  | 7.50             | 9.00   | 0.18                              | 0.17   |
| 40  | 5.50             | 6.50   | 0.21                              | 0.18   |
| 45  | 3.50             | 4.75   | 0.31                              | 0.39   |
| 50  | 3.00             | 3.00   | 0.55                              | 0.70   |
| 55  | 0.00             | 0.00   | 0.78                              | 0.93   |
| 60  | 0.00             | 0.00   | 0.92                              | 1.30   |
| 65  | 0.00             | 0.00   | 1.00                              | 1.30   |



## Summary of Actuarial Assumptions (Concluded)

| Age | Retirement Rate | Salary Scale |          |
|-----|-----------------|--------------|----------|
|     |                 | Age          | Increase |
| 50  | 5%              | 20           | 11.00%   |
| 51  | 5               | 25           | 7.75     |
| 52  | 5               | 30           | 6.00     |
| 53  | 5               | 35           | 5.50     |
| 54  | 7               | 40           | 4.75     |
| 55  | 15              | 45           | 4.00     |
| 56  | 10              | 50           | 3.75     |
| 57  | 11              | 55           | 3.50     |
| 58  | 11              | 60           | 3.00     |
| 59  | 11              | 65           | 3.00     |
| 60  | 15              | 70+          | 3.00     |
| 61  | 15              |              |          |
| 62  | 25              |              |          |
| 63  | 25              |              |          |
| 64  | 30              |              |          |
| 65  | 40              |              |          |
| 66  | 50              |              |          |
| 67  | 40              |              |          |
| 68  | 30              |              |          |
| 69  | 40              |              |          |
| 70+ | 100             |              |          |

## **SECTION G**

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### **CALCULATION OF THE SINGLE DISCOUNT RATE**

## Calculation of the Single Discount Rate

GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the Fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the long-term expected rate of return is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a municipal bond rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this calculation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.97%; and **the resulting single discount rate is 7.00%**.

If the funding status based on the market value of assets declines to 85% for two consecutive years or 80% for one year, the maximum increase of 2.50% will be lowered to 1.50%. Effective July 1, 2023, the maximum benefit increase will revert back to 2.5%, if the maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis. The benefit payments in this projection are based on the assumption that benefit increases (currently subject to a maximum of 2.50%) will equal 2.00% per year.

The tables in this section provide background for the development of the single discount rate.

The **Projection of Contributions** table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

The **Projection of Plan Fiduciary Net Position** table shows the development of expected asset levels in future years.

The **Present Values of Projected Benefit Payments** table shows the development of the Single Discount Rate. It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

# Single Discount Rate Development

## Projection of Contributions (Dollars in Thousands)

| Fiscal Year Ending | Payroll                       |                           |                        | Projected Contributions              |                                     |   |                     |
|--------------------|-------------------------------|---------------------------|------------------------|--------------------------------------|-------------------------------------|---|---------------------|
|                    | Payroll for Current Employees | Payroll for New Employees | Total Employee Payroll | Contributions from Current Employees | Contributions for Current Employees | Contributions on Future Payroll Toward Current UAL* | Total Contributions |
| 2024               | \$ 254,734                    | \$ -                      | \$ 254,734             |                                      |                                     |   |                     |
| 2025               | \$ 264,161                    | \$ 12,666                 | \$ 276,827             | \$ 15,401                            | \$ 23,114                           | \$ -  | \$ 38,515           |
| 2026               | \$ 243,145                    | \$ 41,987                 | \$ 285,132             | \$ 16,607                            | \$ 24,922                           | \$ 533  | \$ 42,062           |
| 2027               | \$ 228,009                    | \$ 65,677                 | \$ 293,686             | \$ 15,573                            | \$ 23,371                           | \$ 834  | \$ 39,778           |
| 2028               | \$ 215,768                    | \$ 86,728                 | \$ 302,496             | \$ 14,737                            | \$ 22,116                           | \$ 1,101  | \$ 37,954           |
| 2029               | \$ 204,869                    | \$ 106,702                | \$ 311,571             | \$ 13,993                            | \$ 20,999                           | \$ 1,355  | \$ 36,347           |
| 2030               | \$ 194,766                    | \$ 126,152                | \$ 320,918             | \$ 13,302                            | \$ 19,963                           | \$ 1,602  | \$ 34,867           |
| 2031               | \$ 185,251                    | \$ 145,295                | \$ 330,546             | \$ 12,653                            | \$ 18,988                           | \$ 1,845  | \$ 33,486           |
| 2032               | \$ 176,222                    | \$ 164,240                | \$ 340,462             | \$ 12,036                            | \$ 18,063                           | \$ 2,086  | \$ 32,185           |
| 2033               | \$ 167,688                    | \$ 182,988                | \$ 350,676             | \$ 11,453                            | \$ 17,188                           | \$ 2,324  | \$ 30,965           |
| 2034               | \$ 159,511                    | \$ 201,685                | \$ 361,196             | \$ 10,895                            | \$ 16,350                           | \$ 2,561  | \$ 29,806           |
| 2035               | \$ 151,570                    | \$ 220,462                | \$ 372,032             | \$ 10,352                            | \$ 15,536                           | \$ 2,800  | \$ 28,688           |
| 2036               | \$ 143,878                    | \$ 239,315                | \$ 383,193             | \$ 9,827                             | \$ 14,748                           | \$ 3,039  | \$ 27,614           |
| 2037               | \$ 136,401                    | \$ 258,288                | \$ 394,689             | \$ 9,316                             | \$ 13,981                           | \$ 3,280  | \$ 26,577           |
| 2038               | \$ 129,128                    | \$ 277,402                | \$ 406,530             | \$ 8,819                             | \$ 13,236                           | \$ 3,523  | \$ 25,578           |
| 2039               | \$ 122,016                    | \$ 296,709                | \$ 418,725             | \$ 8,334                             | \$ 12,507                           | \$ 3,768  | \$ 24,609           |
| 2040               | \$ 115,048                    | \$ 316,239                | \$ 431,287             | \$ 7,858                             | \$ 11,792                           | \$ 4,016  | \$ 23,666           |
| 2041               | \$ 108,221                    | \$ 336,005                | \$ 444,226             | \$ 7,391                             | \$ 11,093                           | \$ 4,267  | \$ 22,751           |
| 2042               | \$ 101,451                    | \$ 356,102                | \$ 457,553             | \$ 6,929                             | \$ 10,399                           | \$ 4,522  | \$ 21,850           |
| 2043               | \$ 94,808                     | \$ 376,471                | \$ 471,279             | \$ 6,475                             | \$ 9,718                            | \$ 4,781  | \$ 20,974           |
| 2044               | \$ 88,265                     | \$ 397,153                | \$ 485,418             | \$ 6,028                             | \$ 9,047                            | \$ 5,044  | \$ 20,119           |
| 2045               | \$ 81,787                     | \$ 418,193                | \$ 499,980             | \$ 5,586                             | \$ 8,383                            | \$ 5,311  | \$ 19,280           |
| 2046               | \$ 75,460                     | \$ 439,520                | \$ 514,980             | \$ 5,154                             | \$ 7,735                            | \$ 5,582  | \$ 18,471           |
| 2047               | \$ 69,209                     | \$ 461,220                | \$ 530,429             | \$ 4,727                             | \$ 7,094                            | \$ 5,857  | \$ 17,678           |
| 2048               | \$ 63,122                     | \$ 483,220                | \$ 546,342             | \$ 4,311                             | \$ 6,470                            | \$ 6,137  | \$ 16,918           |
| 2049               | \$ 57,266                     | \$ 505,466                | \$ 562,732             | \$ 3,911                             | \$ 5,870                            | \$ 6,419  | \$ 16,200           |
| 2050               | \$ 51,608                     | \$ 528,006                | \$ 579,614             | \$ 3,525                             | \$ 5,290                            | \$ 6,706  | \$ 15,521           |
| 2051               | \$ 46,206                     | \$ 550,796                | \$ 597,002             | \$ 3,156                             | \$ 4,736                            | \$ 6,995  | \$ 14,887           |
| 2052               | \$ 41,003                     | \$ 573,909                | \$ 614,912             | \$ 2,800                             | \$ 4,203                            | \$ 7,289  | \$ 14,292           |
| 2053               | \$ 36,070                     | \$ 597,290                | \$ 633,360             | \$ 2,464                             | \$ 3,697                            | \$ 7,586  | \$ 13,747           |
| 2054               | \$ 31,422                     | \$ 620,939                | \$ 652,361             | \$ 2,146                             | \$ 3,221                            | \$ 7,886  | \$ 13,253           |
| 2055               | \$ 27,058                     | \$ 644,873                | \$ 671,931             | \$ 1,848                             | \$ 2,773                            | \$ 8,190  | \$ 12,811           |
| 2056               | \$ 23,042                     | \$ 669,047                | \$ 692,089             | \$ 1,574                             | \$ 2,362                            | \$ 8,497  | \$ 12,433           |
| 2057               | \$ 19,369                     | \$ 693,483                | \$ 712,852             | \$ 1,323                             | \$ 1,985                            | \$ 8,807  | \$ 12,115           |
| 2058               | \$ 16,070                     | \$ 718,168                | \$ 734,238             | \$ 1,098                             | \$ 1,647                            | \$ 9,121  | \$ 11,866           |
| 2059               | \$ 13,149                     | \$ 743,116                | \$ 756,265             | \$ 898                               | \$ 1,348                            | \$ 9,438  | \$ 11,684           |
| 2060               | \$ 10,588                     | \$ 768,365                | \$ 778,953             | \$ 723                               | \$ 1,085                            | \$ 9,758  | \$ 11,566           |
| 2061               | \$ 8,374                      | \$ 793,947                | \$ 802,321             | \$ 572                               | \$ 858                              | \$ 10,083   | \$ 11,513           |
| 2062               | \$ 6,468                      | \$ 819,923                | \$ 826,391             | \$ 442                               | \$ 663                              | \$ 10,413   | \$ 11,518           |
| 2063               | \$ 4,863                      | \$ 846,320                | \$ 851,183             | \$ 332                               | \$ 498                              | \$ 10,748   | \$ 11,578           |
| 2064               | \$ 3,552                      | \$ 873,166                | \$ 876,718             | \$ 243                               | \$ 364                              | \$ 11,089   | \$ 11,696           |
| 2065               | \$ 2,505                      | \$ 900,515                | \$ 903,020             | \$ 171                               | \$ 257                              | \$ 11,437   | \$ 11,865           |
| 2066               | \$ 1,696                      | \$ 928,414                | \$ 930,110             | \$ 116                               | \$ 174                              | \$ 11,791   | \$ 12,081           |
| 2067               | \$ 1,098                      | \$ 956,916                | \$ 958,014             | \$ 75                                | \$ 113                              | \$ 12,153   | \$ 12,341           |
| 2068               | \$ 679                        | \$ 986,075                | \$ 986,754             | \$ 46                                | \$ 70                               | \$ 12,523   | \$ 12,639           |
| 2069               | \$ 401                        | \$ 1,015,956              | \$ 1,016,357           | \$ 27                                | \$ 41                               | \$ 12,903   | \$ 12,971           |
| 2070               | \$ 224                        | \$ 1,046,623              | \$ 1,046,847           | \$ 15                                | \$ 23                               | \$ 13,292   | \$ 13,330           |
| 2071               | \$ 117                        | \$ 1,078,136              | \$ 1,078,253           | \$ 8                                 | \$ 12                               | \$ 13,692   | \$ 13,712           |
| 2072               | \$ 57                         | \$ 1,110,543              | \$ 1,110,600           | \$ 4                                 | \$ 6                                | \$ 14,104   | \$ 14,114           |
| 2073               | \$ 26                         | \$ 1,143,892              | \$ 1,143,918           | \$ 2                                 | \$ 3                                | \$ 14,527   | \$ 14,532           |
| 2074               | \$ 10                         | \$ 1,178,226              | \$ 1,178,236           | \$ 1                                 | \$ 1                                | \$ 14,963   | \$ 14,965           |

\* Equal to total contributions (14.58% of payroll for new employees for FYE 2025 and 17.08% after) net of normal cost and expenses (15.81% of payroll), not less than 0.00%.

Totals may not add due to rounding.



# Single Discount Rate Development

## Projection of Contributions (Dollars in Thousands) (Concluded)

| Fiscal Year Ending | Payroll                       |                           |                        | Projected Contributions              |  |   |                     |
|--------------------|-------------------------------|---------------------------|------------------------|--------------------------------------|--|---|---------------------|
|                    | Payroll for Current Employees | Payroll for New Employees | Total Employee Payroll | Contributions from Current Employees | Employer Contributions for Current Employees | Contributions on Future Payroll Toward Current UAL* | Total Contributions |
| 2075               | \$ 2                          | \$ 1,213,581              | \$ 1,213,583           | \$ -                                 | \$ -   | \$ 15,412   | \$ 15,412           |
| 2076               | \$ -                          | \$ 1,249,990              | \$ 1,249,990           | \$ -                                 | \$ -   | \$ 15,875   | \$ 15,875           |
| 2077               | \$ -                          | \$ 1,287,490              | \$ 1,287,490           | \$ -                                 | \$ -   | \$ 16,351   | \$ 16,351           |
| 2078               | \$ -                          | \$ 1,326,115              | \$ 1,326,115           | \$ -                                 | \$ -   | \$ 16,842   | \$ 16,842           |
| 2079               | \$ -                          | \$ 1,365,898              | \$ 1,365,898           | \$ -                                 | \$ -   | \$ 17,347   | \$ 17,347           |
| 2080               | \$ -                          | \$ 1,406,875              | \$ 1,406,875           | \$ -                                 | \$ -   | \$ 17,867   | \$ 17,867           |
| 2081               | \$ -                          | \$ 1,449,082              | \$ 1,449,082           | \$ -                                 | \$ -   | \$ 18,403   | \$ 18,403           |
| 2082               | \$ -                          | \$ 1,492,554              | \$ 1,492,554           | \$ -                                 | \$ -   | \$ 18,955   | \$ 18,955           |
| 2083               | \$ -                          | \$ 1,537,331              | \$ 1,537,331           | \$ -                                 | \$ -   | \$ 19,524   | \$ 19,524           |
| 2084               | \$ -                          | \$ 1,583,450              | \$ 1,583,450           | \$ -                                 | \$ -   | \$ 20,110   | \$ 20,110           |
| 2085               | \$ -                          | \$ 1,630,954              | \$ 1,630,954           | \$ -                                 | \$ -   | \$ 20,713   | \$ 20,713           |
| 2086               | \$ -                          | \$ 1,679,883              | \$ 1,679,883           | \$ -                                 | \$ -   | \$ 21,335   | \$ 21,335           |
| 2087               | \$ -                          | \$ 1,730,279              | \$ 1,730,279           | \$ -                                 | \$ -   | \$ 21,975   | \$ 21,975           |
| 2088               | \$ -                          | \$ 1,782,187              | \$ 1,782,187           | \$ -                                 | \$ -   | \$ 22,634   | \$ 22,634           |
| 2089               | \$ -                          | \$ 1,835,653              | \$ 1,835,653           | \$ -                                 | \$ -   | \$ 23,313   | \$ 23,313           |
| 2090               | \$ -                          | \$ 1,890,723              | \$ 1,890,723           | \$ -                                 | \$ -   | \$ 24,012   | \$ 24,012           |
| 2091               | \$ -                          | \$ 1,947,444              | \$ 1,947,444           | \$ -                                 | \$ -   | \$ 24,733   | \$ 24,733           |
| 2092               | \$ -                          | \$ 2,005,868              | \$ 2,005,868           | \$ -                                 | \$ -   | \$ 25,475   | \$ 25,475           |
| 2093               | \$ -                          | \$ 2,066,044              | \$ 2,066,044           | \$ -                                 | \$ -   | \$ 26,239   | \$ 26,239           |
| 2094               | \$ -                          | \$ 2,128,025              | \$ 2,128,025           | \$ -                                 | \$ -   | \$ 27,026   | \$ 27,026           |
| 2095               | \$ -                          | \$ 2,191,866              | \$ 2,191,866           | \$ -                                 | \$ -   | \$ 27,837   | \$ 27,837           |
| 2096               | \$ -                          | \$ 2,257,622              | \$ 2,257,622           | \$ -                                 | \$ -   | \$ 28,672   | \$ 28,672           |
| 2097               | \$ -                          | \$ 2,325,350              | \$ 2,325,350           | \$ -                                 | \$ -   | \$ 29,532   | \$ 29,532           |
| 2098               | \$ -                          | \$ 2,395,111              | \$ 2,395,111           | \$ -                                 | \$ -   | \$ 30,418   | \$ 30,418           |
| 2099               | \$ -                          | \$ 2,466,964              | \$ 2,466,964           | \$ -                                 | \$ -   | \$ 31,330   | \$ 31,330           |
| 2100               | \$ -                          | \$ 2,540,973              | \$ 2,540,973           | \$ -                                 | \$ -   | \$ 32,270   | \$ 32,270           |
| 2101               | \$ -                          | \$ 2,617,202              | \$ 2,617,202           | \$ -                                 | \$ -   | \$ 33,238   | \$ 33,238           |
| 2102               | \$ -                          | \$ 2,695,718              | \$ 2,695,718           | \$ -                                 | \$ -   | \$ 34,236   | \$ 34,236           |
| 2103               | \$ -                          | \$ 2,776,590              | \$ 2,776,590           | \$ -                                 | \$ -   | \$ 35,263   | \$ 35,263           |
| 2104               | \$ -                          | \$ 2,859,888              | \$ 2,859,888           | \$ -                                 | \$ -   | \$ 36,321   | \$ 36,321           |
| 2105               | \$ -                          | \$ 2,945,684              | \$ 2,945,684           | \$ -                                 | \$ -   | \$ 37,410   | \$ 37,410           |
| 2106               | \$ -                          | \$ 3,034,055              | \$ 3,034,055           | \$ -                                 | \$ -   | \$ 38,532   | \$ 38,532           |
| 2107               | \$ -                          | \$ 3,125,077              | \$ 3,125,077           | \$ -                                 | \$ -   | \$ 39,688   | \$ 39,688           |
| 2108               | \$ -                          | \$ 3,218,829              | \$ 3,218,829           | \$ -                                 | \$ -   | \$ 40,879   | \$ 40,879           |
| 2109               | \$ -                          | \$ 3,315,394              | \$ 3,315,394           | \$ -                                 | \$ -   | \$ 42,106   | \$ 42,106           |
| 2110               | \$ -                          | \$ 3,414,856              | \$ 3,414,856           | \$ -                                 | \$ -   | \$ 43,369   | \$ 43,369           |
| 2111               | \$ -                          | \$ 3,517,301              | \$ 3,517,301           | \$ -                                 | \$ -   | \$ 44,670   | \$ 44,670           |
| 2112               | \$ -                          | \$ 3,622,820              | \$ 3,622,820           | \$ -                                 | \$ -   | \$ 46,010   | \$ 46,010           |
| 2113               | \$ -                          | \$ 3,731,505              | \$ 3,731,505           | \$ -                                 | \$ -   | \$ 47,390   | \$ 47,390           |
| 2114               | \$ -                          | \$ 3,843,450              | \$ 3,843,450           | \$ -                                 | \$ -   | \$ 48,812   | \$ 48,812           |
| 2115               | \$ -                          | \$ 3,958,753              | \$ 3,958,753           | \$ -                                 | \$ -   | \$ 50,276   | \$ 50,276           |
| 2116               | \$ -                          | \$ 4,077,516              | \$ 4,077,516           | \$ -                                 | \$ -   | \$ 51,784   | \$ 51,784           |
| 2117               | \$ -                          | \$ 4,199,842              | \$ 4,199,842           | \$ -                                 | \$ -   | \$ 53,338   | \$ 53,338           |
| 2118               | \$ -                          | \$ 4,325,837              | \$ 4,325,837           | \$ -                                 | \$ -   | \$ 54,938   | \$ 54,938           |
| 2119               | \$ -                          | \$ 4,455,612              | \$ 4,455,612           | \$ -                                 | \$ -   | \$ 56,586   | \$ 56,586           |
| 2120               | \$ -                          | \$ 4,589,280              | \$ 4,589,280           | \$ -                                 | \$ -   | \$ 58,284   | \$ 58,284           |
| 2121               | \$ -                          | \$ 4,726,959              | \$ 4,726,959           | \$ -                                 | \$ -   | \$ 60,032   | \$ 60,032           |
| 2122               | \$ -                          | \$ 4,868,767              | \$ 4,868,767           | \$ -                                 | \$ -   | \$ 61,833   | \$ 61,833           |
| 2123               | \$ -                          | \$ 5,014,830              | \$ 5,014,830           | \$ -                                 | \$ -   | \$ 63,688   | \$ 63,688           |
| 2124               | \$ -                          | \$ 5,165,275              | \$ 5,165,275           | \$ -                                 | \$ -   | \$ 65,599   | \$ 65,599           |

\* Equal to total contributions (14.58% of payroll for new employees for FYE 2025 and 17.08% after) net of normal cost and expenses (15.81% of payroll), not less than 0.00%.

Totals may not add due to rounding.



# Single Discount Rate Development

## Projection of Plan Fiduciary Net Position (Dollars in Thousands)

| Fiscal Year Ending | Projected Beginning Plan Net Position | Projected Total Contributions | Projected Benefit Payments | Projected Administrative Expenses | Projected Investment Earnings at 7.00% | Projected Ending Plan Net Position |
|--------------------|---------------------------------------|-------------------------------|----------------------------|-----------------------------------|--|------------------------------------|
|                    | (a)                                   | (b)                           | (c)                        | (d)                               | (e)                                    | (f)=(a)+(b)-(c)-(d)+(e)            |
| 2025               | \$ 1,208,413                          | \$ 38,515                     | \$ 39,961                  | \$ 660                            | \$ 84,516                              | \$ 1,290,822                       |
| 2026               | \$ 1,290,822                          | \$ 42,062                     | \$ 44,317                  | \$ 608                            | \$ 90,259                              | \$ 1,378,219                       |
| 2027               | \$ 1,378,219                          | \$ 39,778                     | \$ 48,423                  | \$ 570                            | \$ 96,158                              | \$ 1,465,162                       |
| 2028               | \$ 1,465,162                          | \$ 37,954                     | \$ 52,421                  | \$ 539                            | \$ 102,045                             | \$ 1,552,201                       |
| 2029               | \$ 1,552,201                          | \$ 36,347                     | \$ 57,077                  | \$ 512                            | \$ 107,923                             | \$ 1,638,881                       |
| 2030               | \$ 1,638,881                          | \$ 34,867                     | \$ 62,350                  | \$ 487                            | \$ 113,759                             | \$ 1,724,671                       |
| 2031               | \$ 1,724,671                          | \$ 33,486                     | \$ 67,813                  | \$ 463                            | \$ 119,530                             | \$ 1,809,411                       |
| 2032               | \$ 1,809,411                          | \$ 32,185                     | \$ 73,341                  | \$ 441                            | \$ 125,228                             | \$ 1,893,042                       |
| 2033               | \$ 1,893,042                          | \$ 30,965                     | \$ 79,520                  | \$ 419                            | \$ 130,828                             | \$ 1,974,896                       |
| 2034               | \$ 1,974,896                          | \$ 29,806                     | \$ 85,788                  | \$ 399                            | \$ 136,303                             | \$ 2,054,818                       |
| 2035               | \$ 2,054,818                          | \$ 28,688                     | \$ 92,010                  | \$ 379                            | \$ 141,645                             | \$ 2,132,763                       |
| 2036               | \$ 2,132,763                          | \$ 27,614                     | \$ 98,539                  | \$ 360                            | \$ 146,841                             | \$ 2,208,318                       |
| 2037               | \$ 2,208,318                          | \$ 26,577                     | \$ 105,288                 | \$ 341                            | \$ 151,862                             | \$ 2,281,129                       |
| 2038               | \$ 2,281,129                          | \$ 25,578                     | \$ 111,990                 | \$ 323                            | \$ 156,695                             | \$ 2,351,090                       |
| 2039               | \$ 2,351,090                          | \$ 24,609                     | \$ 118,814                 | \$ 305                            | \$ 161,324                             | \$ 2,417,903                       |
| 2040               | \$ 2,417,903                          | \$ 23,666                     | \$ 125,706                 | \$ 288                            | \$ 165,732                             | \$ 2,481,308                       |
| 2041               | \$ 2,481,308                          | \$ 22,751                     | \$ 132,531                 | \$ 271                            | \$ 169,905                             | \$ 2,541,163                       |
| 2042               | \$ 2,541,163                          | \$ 21,850                     | \$ 139,226                 | \$ 254                            | \$ 173,834                             | \$ 2,597,367                       |
| 2043               | \$ 2,597,367                          | \$ 20,974                     | \$ 145,594                 | \$ 237                            | \$ 177,520                             | \$ 2,650,030                       |
| 2044               | \$ 2,650,030                          | \$ 20,119                     | \$ 152,134                 | \$ 221                            | \$ 180,952                             | \$ 2,698,748                       |
| 2045               | \$ 2,698,748                          | \$ 19,280                     | \$ 158,831                 | \$ 204                            | \$ 184,104                             | \$ 2,743,096                       |
| 2046               | \$ 2,743,096                          | \$ 18,471                     | \$ 165,453                 | \$ 189                            | \$ 186,953                             | \$ 2,782,878                       |
| 2047               | \$ 2,782,878                          | \$ 17,678                     | \$ 172,161                 | \$ 173                            | \$ 189,480                             | \$ 2,817,702                       |
| 2048               | \$ 2,817,702                          | \$ 16,918                     | \$ 178,674                 | \$ 158                            | \$ 191,668                             | \$ 2,847,455                       |
| 2049               | \$ 2,847,455                          | \$ 16,200                     | \$ 184,782                 | \$ 143                            | \$ 193,516                             | \$ 2,872,247                       |
| 2050               | \$ 2,872,247                          | \$ 15,521                     | \$ 190,705                 | \$ 129                            | \$ 195,025                             | \$ 2,891,958                       |
| 2051               | \$ 2,891,958                          | \$ 14,887                     | \$ 196,219                 | \$ 116                            | \$ 196,194                             | \$ 2,906,704                       |
| 2052               | \$ 2,906,704                          | \$ 14,292                     | \$ 201,468                 | \$ 103                            | \$ 197,025                             | \$ 2,916,451                       |
| 2053               | \$ 2,916,451                          | \$ 13,747                     | \$ 206,374                 | \$ 90                             | \$ 197,521                             | \$ 2,921,254                       |
| 2054               | \$ 2,921,254                          | \$ 13,253                     | \$ 210,812                 | \$ 79                             | \$ 197,687                             | \$ 2,921,304                       |
| 2055               | \$ 2,921,304                          | \$ 12,811                     | \$ 214,861                 | \$ 68                             | \$ 197,537                             | \$ 2,916,723                       |
| 2056               | \$ 2,916,723                          | \$ 12,433                     | \$ 218,373                 | \$ 58                             | \$ 197,083                             | \$ 2,907,808                       |
| 2057               | \$ 2,907,808                          | \$ 12,115                     | \$ 221,183                 | \$ 48                             | \$ 196,351                             | \$ 2,895,044                       |
| 2058               | \$ 2,895,044                          | \$ 11,866                     | \$ 223,177                 | \$ 40                             | \$ 195,381                             | \$ 2,879,073                       |
| 2059               | \$ 2,879,073                          | \$ 11,684                     | \$ 224,387                 | \$ 33                             | \$ 194,215                             | \$ 2,860,552                       |
| 2060               | \$ 2,860,552                          | \$ 11,566                     | \$ 224,807                 | \$ 26                             | \$ 192,901                             | \$ 2,840,186                       |
| 2061               | \$ 2,840,186                          | \$ 11,513                     | \$ 224,423                 | \$ 21                             | \$ 191,486                             | \$ 2,818,742                       |
| 2062               | \$ 2,818,742                          | \$ 11,518                     | \$ 223,362                 | \$ 16                             | \$ 190,022                             | \$ 2,796,904                       |
| 2063               | \$ 2,796,904                          | \$ 11,578                     | \$ 221,732                 | \$ 12                             | \$ 188,552                             | \$ 2,775,290                       |
| 2064               | \$ 2,775,290                          | \$ 11,696                     | \$ 219,547                 | \$ 9                              | \$ 187,118                             | \$ 2,754,548                       |
| 2065               | \$ 2,754,548                          | \$ 11,865                     | \$ 216,827                 | \$ 6                              | \$ 185,766                             | \$ 2,735,344                       |
| 2066               | \$ 2,735,344                          | \$ 12,081                     | \$ 213,590                 | \$ 4                              | \$ 184,540                             | \$ 2,718,371                       |
| 2067               | \$ 2,718,371                          | \$ 12,341                     | \$ 209,860                 | \$ 3                              | \$ 183,490                             | \$ 2,704,338                       |
| 2068               | \$ 2,704,338                          | \$ 12,639                     | \$ 205,664                 | \$ 2                              | \$ 182,662                             | \$ 2,693,973                       |
| 2069               | \$ 2,693,973                          | \$ 12,971                     | \$ 201,038                 | \$ 1                              | \$ 182,107                             | \$ 2,688,013                       |
| 2070               | \$ 2,688,013                          | \$ 13,330                     | \$ 196,024                 | \$ 1                              | \$ 181,875                             | \$ 2,687,193                       |
| 2071               | \$ 2,687,193                          | \$ 13,712                     | \$ 190,657                 | \$ -                              | \$ 182,015                             | \$ 2,692,264                       |
| 2072               | \$ 2,692,264                          | \$ 14,114                     | \$ 184,966                 | \$ -                              | \$ 182,580                             | \$ 2,703,991                       |
| 2073               | \$ 2,703,991                          | \$ 14,532                     | \$ 178,982                 | \$ -                              | \$ 183,621                             | \$ 2,723,162                       |
| 2074               | \$ 2,723,162                          | \$ 14,965                     | \$ 172,731                 | \$ -                              | \$ 185,193                             | \$ 2,750,589                       |

For the purposes of this projection, we assumed the 17.08% statutory contribution rate effective fiscal year ending 2026 would continue after the plan becomes fully funded.

Totals may not add due to rounding.



# Single Discount Rate Development

## Projection of Plan Fiduciary Net Position (Dollars in Thousands)

### (Concluded)

| Fiscal Year Ending | Projected Beginning Plan Net Position | Projected Total Contributions | Projected Benefit Payments | Projected Administrative Expenses | Projected Investment Earnings at 7.00% | Projected Ending Plan Net Position |
|--------------------|---------------------------------------|-------------------------------|----------------------------|-----------------------------------|--|------------------------------------|
|                    | (a)                                   | (b)                           | (c)                        | (d)                               | (e)                                    | (f)=(a)+(b)-(c)-(d)+(e)            |
| 2075               | \$ 2,750,589                          | \$ 15,413                     | \$ 166,239                 | \$ -                              | \$ 187,352                             | \$ 2,787,115                       |
| 2076               | \$ 2,787,115                          | \$ 15,875                     | \$ 159,527                 | \$ -                              | \$ 190,155                             | \$ 2,833,618                       |
| 2077               | \$ 2,833,618                          | \$ 16,351                     | \$ 152,622                 | \$ -                              | \$ 193,664                             | \$ 2,891,011                       |
| 2078               | \$ 2,891,011                          | \$ 16,842                     | \$ 145,551                 | \$ -                              | \$ 197,942                             | \$ 2,960,244                       |
| 2079               | \$ 2,960,244                          | \$ 17,347                     | \$ 138,338                 | \$ -                              | \$ 203,054                             | \$ 3,042,307                       |
| 2080               | \$ 3,042,307                          | \$ 17,867                     | \$ 131,012                 | \$ -                              | \$ 209,068                             | \$ 3,138,231                       |
| 2081               | \$ 3,138,231                          | \$ 18,403                     | \$ 123,601                 | \$ -                              | \$ 216,056                             | \$ 3,249,089                       |
| 2082               | \$ 3,249,089                          | \$ 18,955                     | \$ 116,136                 | \$ -                              | \$ 224,092                             | \$ 3,376,001                       |
| 2083               | \$ 3,376,001                          | \$ 19,524                     | \$ 108,647                 | \$ -                              | \$ 233,254                             | \$ 3,520,132                       |
| 2084               | \$ 3,520,132                          | \$ 20,110                     | \$ 101,168                 | \$ -                              | \$ 243,620                             | \$ 3,682,694                       |
| 2085               | \$ 3,682,694                          | \$ 20,713                     | \$ 93,736                  | \$ -                              | \$ 255,276                             | \$ 3,864,947                       |
| 2086               | \$ 3,864,947                          | \$ 21,335                     | \$ 86,385                  | \$ -                              | \$ 268,308                             | \$ 4,068,204                       |
| 2087               | \$ 4,068,204                          | \$ 21,975                     | \$ 79,156                  | \$ -                              | \$ 282,807                             | \$ 4,293,830                       |
| 2088               | \$ 4,293,830                          | \$ 22,634                     | \$ 72,086                  | \$ -                              | \$ 298,867                             | \$ 4,543,244                       |
| 2089               | \$ 4,543,244                          | \$ 23,313                     | \$ 65,214                  | \$ -                              | \$ 316,585                             | \$ 4,817,928                       |
| 2090               | \$ 4,817,928                          | \$ 24,012                     | \$ 58,578                  | \$ -                              | \$ 336,066                             | \$ 5,119,428                       |
| 2091               | \$ 5,119,428                          | \$ 24,733                     | \$ 52,216                  | \$ -                              | \$ 357,414                             | \$ 5,449,359                       |
| 2092               | \$ 5,449,359                          | \$ 25,475                     | \$ 46,163                  | \$ -                              | \$ 380,743                             | \$ 5,809,414                       |
| 2093               | \$ 5,809,414                          | \$ 26,239                     | \$ 40,453                  | \$ -                              | \$ 406,170                             | \$ 6,201,370                       |
| 2094               | \$ 6,201,370                          | \$ 27,026                     | \$ 35,116                  | \$ -                              | \$ 433,818                             | \$ 6,627,097                       |
| 2095               | \$ 6,627,097                          | \$ 27,837                     | \$ 30,179                  | \$ -                              | \$ 463,816                             | \$ 7,088,571                       |
| 2096               | \$ 7,088,571                          | \$ 28,672                     | \$ 25,660                  | \$ -                              | \$ 496,304                             | \$ 7,587,886                       |
| 2097               | \$ 7,587,886                          | \$ 29,532                     | \$ 21,572                  | \$ -                              | \$ 531,426                             | \$ 8,127,272                       |
| 2098               | \$ 8,127,272                          | \$ 30,418                     | \$ 17,919                  | \$ -                              | \$ 569,339                             | \$ 8,709,109                       |
| 2099               | \$ 8,709,109                          | \$ 31,330                     | \$ 14,697                  | \$ -                              | \$ 610,210                             | \$ 9,335,953                       |
| 2100               | \$ 9,335,953                          | \$ 32,270                     | \$ 11,893                  | \$ -                              | \$ 654,218                             | \$ 10,010,548                      |
| 2101               | \$ 10,010,548                         | \$ 33,238                     | \$ 9,487                   | \$ -                              | \$ 701,556                             | \$ 10,735,855                      |
| 2102               | \$ 10,735,855                         | \$ 34,236                     | \$ 7,454                   | \$ -                              | \$ 752,431                             | \$ 11,515,068                      |
| 2103               | \$ 11,515,068                         | \$ 35,263                     | \$ 5,764                   | \$ -                              | \$ 807,070                             | \$ 12,351,637                      |
| 2104               | \$ 12,351,637                         | \$ 36,321                     | \$ 4,381                   | \$ -                              | \$ 865,714                             | \$ 13,249,290                      |
| 2105               | \$ 13,249,290                         | \$ 37,410                     | \$ 3,271                   | \$ -                              | \$ 928,625                             | \$ 14,212,054                      |
| 2106               | \$ 14,212,054                         | \$ 38,532                     | \$ 2,397                   | \$ -                              | \$ 996,087                             | \$ 15,244,277                      |
| 2107               | \$ 15,244,277                         | \$ 39,688                     | \$ 1,722                   | \$ -                              | \$ 1,068,406                           | \$ 16,350,649                      |
| 2108               | \$ 16,350,649                         | \$ 40,879                     | \$ 1,212                   | \$ -                              | \$ 1,145,910                           | \$ 17,536,227                      |
| 2109               | \$ 17,536,227                         | \$ 42,106                     | \$ 835                     | \$ -                              | \$ 1,228,956                           | \$ 18,806,453                      |
| 2110               | \$ 18,806,453                         | \$ 43,369                     | \$ 563                     | \$ -                              | \$ 1,317,925                           | \$ 20,167,184                      |
| 2111               | \$ 20,167,184                         | \$ 44,670                     | \$ 371                     | \$ -                              | \$ 1,413,227                           | \$ 21,624,710                      |
| 2112               | \$ 21,624,710                         | \$ 46,010                     | \$ 239                     | \$ -                              | \$ 1,515,305                           | \$ 23,185,785                      |
| 2113               | \$ 23,185,785                         | \$ 47,390                     | \$ 150                     | \$ -                              | \$ 1,624,630                           | \$ 24,857,655                      |
| 2114               | \$ 24,857,655                         | \$ 48,812                     | \$ 92                      | \$ -                              | \$ 1,741,712                           | \$ 26,648,087                      |
| 2115               | \$ 26,648,087                         | \$ 50,276                     | \$ 56                      | \$ -                              | \$ 1,867,094                           | \$ 28,565,402                      |
| 2116               | \$ 28,565,402                         | \$ 51,784                     | \$ 33                      | \$ -                              | \$ 2,001,359                           | \$ 30,618,512                      |
| 2117               | \$ 30,618,512                         | \$ 53,338                     | \$ 19                      | \$ -                              | \$ 2,145,130                           | \$ 32,816,962                      |
| 2118               | \$ 32,816,962                         | \$ 54,938                     | \$ 11                      | \$ -                              | \$ 2,299,077                           | \$ 35,170,967                      |
| 2119               | \$ 35,170,967                         | \$ 56,586                     | \$ 6                       | \$ -                              | \$ 2,463,914                           | \$ 37,691,461                      |
| 2120               | \$ 37,691,461                         | \$ 58,284                     | \$ 3                       | \$ -                              | \$ 2,640,408                           | \$ 40,390,150                      |
| 2121               | \$ 40,390,150                         | \$ 60,032                     | \$ 2                       | \$ -                              | \$ 2,829,376                           | \$ 43,279,556                      |
| 2122               | \$ 43,279,556                         | \$ 61,833                     | \$ 1                       | \$ -                              | \$ 3,031,696                           | \$ 46,373,085                      |
| 2123               | \$ 46,373,085                         | \$ 63,688                     | \$ -                       | \$ -                              | \$ 3,248,307                           | \$ 49,685,081                      |
| 2124               | \$ 49,685,081                         | \$ 65,599                     | \$ -                       | \$ -                              | \$ 3,480,213                           | \$ 53,230,892                      |

For the purposes of this projection, we assumed the 17.08% statutory contribution rate effective fiscal year ending 2026 would continue after the plan becomes fully funded.

Totals may not add due to rounding.





# Single Discount Rate Development

## Present Values of Projected Benefits (Dollars in Thousands)

| Fiscal Year Ending | Projected Beginning Plan Net Position | Projected Benefit Payments | Funded Portion of Benefit Payments | Unfunded Portion of Benefit Payments | Present Value of Funded Benefit Payments using Expected Return Rate (v) | Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf) | Present Value of Benefit Payments using Single Discount Rate (sdr) |
|--------------------|---------------------------------------|----------------------------|------------------------------------|--------------------------------------|---|---|--|
| (a)                | (b)                                   | (c)                        | (d)                                | (e)                                  | (f)=(d)*v <sup>a</sup> ((a)-.5)   | (g)=(e)*vf <sup>a</sup> ((a)-.5)  | (h)=(c)/(1+sdr) <sup>a</sup> ((a)-.5)                              |
| 2025               | \$ 1,208,413                          | \$ 39,961                  | \$ 39,961                          | \$ 0                                 | \$ 38,632   | \$ 0  | \$ 38,632  |
| 2026               | 1,290,822                             | 44,317                     | 44,317                             | 0                                    | 40,040  | 0   | 40,040   |
| 2027               | 1,378,219                             | 48,423                     | 48,423                             | 0                                    | 40,888  | 0   | 40,888   |
| 2028               | 1,465,162                             | 52,421                     | 52,421                             | 0                                    | 41,368  | 0   | 41,368   |
| 2029               | 1,552,201                             | 57,077                     | 57,077                             | 0                                    | 42,096  | 0   | 42,096   |
| 2030               | 1,638,881                             | 62,350                     | 62,350                             | 0                                    | 42,976  | 0   | 42,976   |
| 2031               | 1,724,671                             | 67,813                     | 67,813                             | 0                                    | 43,684  | 0   | 43,684   |
| 2032               | 1,809,411                             | 73,341                     | 73,341                             | 0                                    | 44,154  | 0   | 44,154   |
| 2033               | 1,893,042                             | 79,520                     | 79,520                             | 0                                    | 44,742  | 0   | 44,742   |
| 2034               | 1,974,896                             | 85,788                     | 85,788                             | 0                                    | 45,111  | 0   | 45,111   |
| 2035               | 2,054,818                             | 92,010                     | 92,010                             | 0                                    | 45,217  | 0   | 45,217   |
| 2036               | 2,132,763                             | 98,539                     | 98,539                             | 0                                    | 45,258  | 0   | 45,258   |
| 2037               | 2,208,318                             | 105,288                    | 105,288                            | 0                                    | 45,194  | 0   | 45,194   |
| 2038               | 2,281,129                             | 111,990                    | 111,990                            | 0                                    | 44,926  | 0   | 44,926   |
| 2039               | 2,351,090                             | 118,814                    | 118,814                            | 0                                    | 44,546  | 0   | 44,546   |
| 2040               | 2,417,903                             | 125,706                    | 125,706                            | 0                                    | 44,046  | 0   | 44,046   |
| 2041               | 2,481,308                             | 132,531                    | 132,531                            | 0                                    | 43,399  | 0   | 43,399   |
| 2042               | 2,541,163                             | 139,226                    | 139,226                            | 0                                    | 42,609  | 0   | 42,609   |
| 2043               | 2,597,367                             | 145,594                    | 145,594                            | 0                                    | 41,643  | 0   | 41,643   |
| 2044               | 2,650,030                             | 152,134                    | 152,134                            | 0                                    | 40,667  | 0   | 40,667   |
| 2045               | 2,698,748                             | 158,831                    | 158,831                            | 0                                    | 39,680  | 0   | 39,680   |
| 2046               | 2,743,096                             | 165,453                    | 165,453                            | 0                                    | 38,630  | 0   | 38,630   |
| 2047               | 2,782,878                             | 172,161                    | 172,161                            | 0                                    | 37,566  | 0   | 37,566   |
| 2048               | 2,817,702                             | 178,674                    | 178,674                            | 0                                    | 36,437  | 0   | 36,437   |
| 2049               | 2,847,455                             | 184,782                    | 184,782                            | 0                                    | 35,217  | 0   | 35,217   |
| 2050               | 2,872,247                             | 190,705                    | 190,705                            | 0                                    | 33,969  | 0   | 33,969   |
| 2051               | 2,891,958                             | 196,219                    | 196,219                            | 0                                    | 32,664  | 0   | 32,664   |
| 2052               | 2,906,704                             | 201,468                    | 201,468                            | 0                                    | 31,344  | 0   | 31,344   |
| 2053               | 2,916,451                             | 206,374                    | 206,374                            | 0                                    | 30,007  | 0   | 30,007   |
| 2054               | 2,921,254                             | 210,812                    | 210,812                            | 0                                    | 28,647  | 0   | 28,647   |
| 2055               | 2,921,304                             | 214,861                    | 214,861                            | 0                                    | 27,287  | 0   | 27,287   |
| 2056               | 2,916,723                             | 218,373                    | 218,373                            | 0                                    | 25,918  | 0   | 25,918   |
| 2057               | 2,907,808                             | 221,183                    | 221,183                            | 0                                    | 24,535  | 0   | 24,535   |
| 2058               | 2,895,044                             | 223,177                    | 223,177                            | 0                                    | 23,136  | 0   | 23,136   |
| 2059               | 2,879,073                             | 224,387                    | 224,387                            | 0                                    | 21,740  | 0   | 21,740   |
| 2060               | 2,860,552                             | 224,807                    | 224,807                            | 0                                    | 20,356  | 0   | 20,356   |
| 2061               | 2,840,186                             | 224,423                    | 224,423                            | 0                                    | 18,992  | 0   | 18,992   |
| 2062               | 2,818,742                             | 223,362                    | 223,362                            | 0                                    | 17,665  | 0   | 17,665   |
| 2063               | 2,796,904                             | 221,732                    | 221,732                            | 0                                    | 16,389  | 0   | 16,389   |
| 2064               | 2,775,290                             | 219,547                    | 219,547                            | 0                                    | 15,166  | 0   | 15,166   |
| 2065               | 2,754,548                             | 216,827                    | 216,827                            | 0                                    | 13,998  | 0   | 13,998   |
| 2066               | 2,735,344                             | 213,590                    | 213,590                            | 0                                    | 12,887  | 0   | 12,887   |
| 2067               | 2,718,371                             | 209,860                    | 209,860                            | 0                                    | 11,834  | 0   | 11,834   |
| 2068               | 2,704,338                             | 205,664                    | 205,664                            | 0                                    | 10,838  | 0   | 10,838   |
| 2069               | 2,693,973                             | 201,038                    | 201,038                            | 0                                    | 9,901   | 0   | 9,901  |
| 2070               | 2,688,013                             | 196,024                    | 196,024                            | 0                                    | 9,023   | 0   | 9,023  |
| 2071               | 2,687,193                             | 190,657                    | 190,657                            | 0                                    | 8,202   | 0   | 8,202  |
| 2072               | 2,692,264                             | 184,966                    | 184,966                            | 0                                    | 7,436   | 0   | 7,436  |
| 2073               | 2,703,991                             | 178,982                    | 178,982                            | 0                                    | 6,725   | 0   | 6,725  |
| 2074               | 2,723,162                             | 172,731                    | 172,731                            | 0                                    | 6,066   | 0   | 6,066  |

Totals may not add due to rounding.



# Single Discount Rate Development

## Present Values of Projected Benefits (Dollars in Thousands)

### (Concluded)

| Fiscal Year Ending | Projected Beginning Plan Net Position | Projected Benefit Payments | Funded Portion of Benefit Payments | Unfunded Portion of Benefit Payments | Present Value of Funded Benefit Payments using Expected Return Rate (v) | Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf) | Present Value of Benefit Payments using Single Discount Rate (sdr) |
|--------------------|---------------------------------------|----------------------------|------------------------------------|--------------------------------------|---|---|--|
| (a)                | (b)                                   | (c)                        | (d)                                | (e)                                  | (f)=(d)*v <sup>(a)-5</sup>  | (g)=(e)*vf <sup>(a)-5</sup>   | (h)=(c)/(1+sdr) <sup>(a)-5</sup>                                   |
| 2075               | \$ 2,750,589                          | \$ 166,239                 | \$ 166,239                         | \$ 0                                 | \$ 5,456  | \$ 0  | \$ 5,456   |
| 2076               | 2,787,115                             | 159,527                    | 159,527                            | 0                                    | 4,893   | 0   | 4,893  |
| 2077               | 2,833,618                             | 152,622                    | 152,622                            | 0                                    | 4,375   | 0   | 4,375  |
| 2078               | 2,891,011                             | 145,551                    | 145,551                            | 0                                    | 3,899   | 0   | 3,899  |
| 2079               | 2,960,244                             | 138,338                    | 138,338                            | 0                                    | 3,464   | 0   | 3,464  |
| 2080               | 3,042,307                             | 131,012                    | 131,012                            | 0                                    | 3,066   | 0   | 3,066  |
| 2081               | 3,138,231                             | 123,601                    | 123,601                            | 0                                    | 2,703   | 0   | 2,703  |
| 2082               | 3,249,089                             | 116,136                    | 116,136                            | 0                                    | 2,374   | 0   | 2,374  |
| 2083               | 3,376,001                             | 108,647                    | 108,647                            | 0                                    | 2,075   | 0   | 2,075  |
| 2084               | 3,520,132                             | 101,168                    | 101,168                            | 0                                    | 1,806   | 0   | 1,806  |
| 2085               | 3,682,694                             | 93,736                     | 93,736                             | 0                                    | 1,564   | 0   | 1,564  |
| 2086               | 3,864,947                             | 86,385                     | 86,385                             | 0                                    | 1,347   | 0   | 1,347  |
| 2087               | 4,068,204                             | 79,156                     | 79,156                             | 0                                    | 1,153   | 0   | 1,153  |
| 2088               | 4,293,830                             | 72,086                     | 72,086                             | 0                                    | 982   | 0   | 982  |
| 2089               | 4,543,244                             | 65,214                     | 65,214                             | 0                                    | 830   | 0   | 830  |
| 2090               | 4,817,928                             | 58,578                     | 58,578                             | 0                                    | 697   | 0   | 697  |
| 2091               | 5,119,428                             | 52,216                     | 52,216                             | 0                                    | 580   | 0   | 580  |
| 2092               | 5,449,359                             | 46,163                     | 46,163                             | 0                                    | 480   | 0   | 480  |
| 2093               | 5,809,414                             | 40,453                     | 40,453                             | 0                                    | 393   | 0   | 393  |
| 2094               | 6,201,370                             | 35,116                     | 35,116                             | 0                                    | 319   | 0   | 319  |
| 2095               | 6,627,097                             | 30,179                     | 30,179                             | 0                                    | 256   | 0   | 256  |
| 2096               | 7,088,571                             | 25,660                     | 25,660                             | 0                                    | 203   | 0   | 203  |
| 2097               | 7,587,886                             | 21,572                     | 21,572                             | 0                                    | 160   | 0   | 160  |
| 2098               | 8,127,272                             | 17,919                     | 17,919                             | 0                                    | 124   | 0   | 124  |
| 2099               | 8,709,109                             | 14,697                     | 14,697                             | 0                                    | 95  | 0   | 95   |
| 2100               | 9,335,953                             | 11,893                     | 11,893                             | 0                                    | 72  | 0   | 72   |
| 2101               | 10,010,548                            | 9,487                      | 9,487                              | 0                                    | 54  | 0   | 54   |
| 2102               | 10,735,855                            | 7,454                      | 7,454                              | 0                                    | 39  | 0   | 39   |
| 2103               | 11,515,068                            | 5,764                      | 5,764                              | 0                                    | 28  | 0   | 28   |
| 2104               | 12,351,637                            | 4,381                      | 4,381                              | 0                                    | 20  | 0   | 20   |
| 2105               | 13,249,290                            | 3,271                      | 3,271                              | 0                                    | 14  | 0   | 14   |
| 2106               | 14,212,054                            | 2,397                      | 2,397                              | 0                                    | 10  | 0   | 10   |
| 2107               | 15,244,277                            | 1,722                      | 1,722                              | 0                                    | 6   | 0   | 6  |
| 2108               | 16,350,649                            | 1,212                      | 1,212                              | 0                                    | 4   | 0   | 4  |
| 2109               | 17,536,227                            | 835                        | 835                                | 0                                    | 3   | 0   | 3  |
| 2110               | 18,806,453                            | 563                        | 563                                | 0                                    | 2   | 0   | 2  |
| 2111               | 20,167,184                            | 371                        | 371                                | 0                                    | 1   | 0   | 1  |
| 2112               | 21,624,710                            | 239                        | 239                                | 0                                    | 1   | 0   | 1  |
| 2113               | 23,185,785                            | 150                        | 150                                | 0                                    | 0   | 0   | 0  |
| 2114               | 24,857,655                            | 92                         | 92                                 | 0                                    | 0   | 0   | 0  |
| 2115               | 26,648,087                            | 56                         | 56                                 | 0                                    | 0   | 0   | 0  |
| 2116               | 28,565,402                            | 33                         | 33                                 | 0                                    | 0   | 0   | 0  |
| 2117               | 30,618,512                            | 19                         | 19                                 | 0                                    | 0   | 0   | 0  |
| 2118               | 32,816,962                            | 11                         | 11                                 | 0                                    | 0   | 0   | 0  |
| 2119               | 35,170,967                            | 6                          | 6                                  | 0                                    | 0   | 0   | 0  |
| 2120               | 37,691,461                            | 3                          | 3                                  | 0                                    | 0   | 0   | 0  |
| 2121               | 40,390,150                            | 2                          | 2                                  | 0                                    | 0   | 0   | 0  |
| 2122               | 43,279,556                            | 1                          | 1                                  | 0                                    | 0   | 0   | 0  |
| 2123               | 46,373,085                            | 0                          | 0                                  | 0                                    | 0   | 0   | 0  |
| 2124               | 49,685,081                            | 0                          | 0                                  | 0                                    | 0   | 0   | 0  |
| <b>Totals</b>      | \$ 1,556,997                          | \$ 0                       | \$ 1,556,997                       | \$ 0                                 | \$ 1,556,997  | \$ 0  | \$ 1,556,997   |

Totals may not add due to rounding.



## **SECTION H**

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### **GLOSSARY OF TERMS**

# Glossary of Terms

|   |   |
|---|---|
| <b><i>Actuarial Accrued Liability (AAL)</i></b>         | The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as “accrued liability” or “actuarial liability.”  |
| <b><i>Actuarial Assumptions</i></b>                     | These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation. |
| <b><i>Accrued Service</i></b>                           | Service credited under the system which was rendered before the date of the actuarial valuation.  |
| <b><i>Actuarial Equivalent</i></b>                      | A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.  |
| <b><i>Actuarial Cost Method</i></b>                     | A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the pension trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.   |
| <b><i>Actuarial Gain (Loss)</i></b>                     | The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.   |
| <b><i>Actuarial Present Value (APV)</i></b>             | The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future benefit payments at predetermined rates of interest to reflect the expected effects of the time value (present value) of money and the probabilities of payment.   |
| <b><i>Actuarial Valuation</i></b>                       | The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.   |
| <b><i>Actuarial Valuation Date</i></b>                  | The date as of which an actuarial valuation is performed.   |
| <b><i>Actuarially Determined Contribution (ADC)</i></b> | A calculated contribution into a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically, the Actuarially Determined Contribution has a normal cost payment and an amortization payment.  |



# Glossary of Terms

|   |  |
|---|--|
| <b><i>Amortization Payment</i></b>  | The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.  |
| <b><i>Amortization Method</i></b>   | The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be “open” (meaning, reset each year) or “closed” (the number of years remaining will decline each year).  |
| <b><i>Cost-of-Living Adjustments</i></b>  | Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.   |
| <b><i>Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (cost-sharing pension plan)</i></b> | A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.  |
| <b><i>Covered-Employee Payroll</i></b>  | The payroll of covered employees, which is typically only the pensionable pay (meets the statutory salary definition) and does not include pay above any pay cap.  |
| <b><i>Deferred Inflows and Outflows of Resources</i></b>  | The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.  |
| <b><i>Discount Rate or Single Discount Rate</i></b>   | For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically: <ol style="list-style-type: none"><li>1. The benefit payments to be made while the pension plans’ fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and</li><li>2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.</li></ol>  |
| <b><i>Entry Age Actuarial Cost Method or Entry Age Normal (EAN)</i></b>                               | The EAN is a funding method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit age(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits. |



## Glossary of Terms

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| <b><i>GASB</i></b>   | The Governmental Accounting Standards Board is an organization that exists with authority to promulgate accounting standards for state and local governmental entities.   |
| <b><i>Fiduciary Net Position</i></b>                         | The fiduciary net position is the value of the assets of the trust.   |
| <b><i>Long-Term Expected Rate of Return</i></b>              | The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.  |
| <b><i>Money-Weighted Rate of Return</i></b>                  | The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 67, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.                                  |
| <b><i>Multiple-Employer Defined Benefit Pension Plan</i></b> | A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer.   |
| <b><i>Municipal Bond Rate</i></b>                            | The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.   |
| <b><i>Net Pension Liability (NPL)</i></b>                    | The NPL is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan.  |
| <b><i>Non-Employer Contribution Entities</i></b>             | Non-employer contribution entities are entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of the GASB Accounting Statements No. 67 and No. 68 plan members are not considered non-employer contribution entities.   |
| <b><i>Normal Cost</i></b>                                    | The actuarial present value of the pension trust benefits allocated to the current year by the actuarial cost method.   |
| <b><i>Other Postemployment Benefits (OPEB)</i></b>           | All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits. |
| <b><i>Real Rate of Return</i></b>                            | The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.   |
| <b><i>Service Cost</i></b>                                   | The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.  |



## Glossary of Terms

### ***Total Pension Expense***

The total pension expense is the sum of the following items that are recognized at the end of the employer's fiscal year:

1. Service Cost
2. Interest on the Total Pension Liability
3. Current-Period Changes in Benefit Terms
4. Employee Contributions
5. Projected Earnings on Plan Investments
6. Pension Plan Administrative Expense
7. Other Changes in Plan Fiduciary Net Position
8. Recognition of Outflow (Inflow) of Resources due to the difference between expected and actual measurement of the Total Pension Liability
9. Recognition of Outflow (Inflow) of Resources due to Assumption Changes
10. Recognition of Outflow (Inflow) of Resources due to the difference between projected and actual earnings in pension plan investments

### ***Total Pension Liability (TPL)***

The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.

### ***Unfunded Actuarial Accrued Liability (UAAL)***

The UAAL is the difference between actuarial accrued liability and valuation assets.

### ***Valuation Assets***

The valuation assets are the plan fiduciary net position used in determining the net pension liability of the plan. For purposes of the GASB Statement No. 67, the asset valuation method is equal to the market value of assets.