

City of Grand Rapids Police and Fire Retirement System

GASB Statement Nos. 67 and 68 Accounting and
Financial Reporting for Pensions

Measurement Date: December 31, 2024

GASB No. 68 Reporting Date: June 30, 2025





April 15, 2025

Ms. Lisa Balkema
Board of Trustees
City of Grand Rapids Police
and Fire Retirement System
Grand Rapids, Michigan

Dear Ms. Balkema:

This report provides accounting and financial reporting information that is intended to comply with the Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 for the City of Grand Rapids Police and Fire Retirement System ("the System"). These calculations have been made on a basis that is consistent with our understanding of these Statements.

GASB Statement No. 67 is the accounting standard that applies to the stand-alone 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.

This report was prepared at the request of the City and is intended for use by the Retirement System and those designated or approved by the City. This report may be provided to parties other than the System only in its entirety and only with the permission of the City. GRS is not responsible for unauthorized use of this report.

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 Statement Nos. 67 and 68. The calculation of the plan's liability for this report is not applicable for funding purposes of the plan. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 67 may produce significantly different results. The Net Pension Liability is not an appropriate measure for assessing the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability also is not an appropriate measure for assessing the need for or amount of future employer contributions.

The valuation was based upon information furnished by the City and Plan Administrator, concerning Retirement System benefits, financial transactions, plan provisions, and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the City.

This report complements the actuarial valuation report that was provided to the Board and should be considered in conjunction with that report. Please see the actuarial valuation report as of December 31, 2024 for additional discussion of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

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.

To the best of our knowledge, the information contained within this report is accurate and fairly represents the actuarial position of the City of Grand Rapids Police and Fire Retirement System. 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.

The signing actuaries are independent of the plan sponsor.

James D. Anderson and Jeffrey T. Tebeau 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



James D. Anderson, FSA, EA, FCA, MAAA



Jeffrey T. Tebeau, FSA, EA, FCA, MAAA

JDA/JTT:dj

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Table of Contents

Page

Section A	Executive Summary	
	Executive Summary.....	1
	Discussion.....	2
Section B	Financial Statements	
	Statement of Pension Expense under GASB Statement No. 68	6
	Statement of Outflows and Inflows Arising from Current Reporting Period	7
	Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods	8
	Recognition of Deferred Outflows and Inflows of Resources.....	9
	Statement of Fiduciary Net Position	10
	Statement of Changes in Fiduciary Net Position	11
Section C	Required Supplementary Information	
	Schedule of Changes in the Net Pension Liability and Related Ratios Multiyear	12
	Schedule of the Employers' Net Pension Liability Multiyear	13
	Schedule of Contributions Multiyear	14
	Notes to Schedule of Contributions.....	15
Section D	Notes to Financial Statements	
	Long-Term Expected Return on Plan Assets	16
	Single Discount Rate	17
	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption.....	17
	Summary of Population Statistics	18
Section E	Summary of Benefits	19
Section F	Actuarial Cost Method and Actuarial Assumptions	
	Valuation Methods	26
	Actuarial Assumptions	27
	Miscellaneous and Technical Assumptions	31
Section G	Calculation of the Single Discount Rate	
	Calculation of the Single Discount Rate	32
	Projection of Contributions.....	33
	Projection of Plan Fiduciary Net Position	34
	Present Values of Projected Benefit Payments	35
	Projection of Plan Net Position and Benefit Payments	37
Section H	Michigan Public Act 202	38
Section I	Glossary of Terms	40



SECTION A

EXECUTIVE SUMMARY

Executive Summary

Actuarial Valuation Date	December 31, 2024
Measurement Date of the Net Pension Liability	December 31, 2024
Employer's Fiscal Year Ending Date (Reporting Date)	June 30, 2025

Membership

Number of	
- Retirees and Beneficiaries	815
- Inactive, Nonretired Members	11
- Active Members	469
- Total	1,295
Covered Payroll#	\$ 47,336,913

Net Pension Liability

Total Pension Liability	\$ 714,339,670
Plan Fiduciary Net Position	528,227,768
Net Pension Liability	\$ 186,111,902
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.95%
Net Pension Liability as a Percentage of Covered Payroll	393.16%

Development of the Single Discount Rate

Single Discount Rate	6.75%
Long-Term Expected Rate of Investment Return	6.75%
Long-Term Municipal Bond Rate*	4.08%
Last year ending January 1 in the 2025 to 2124 projection period for which projected benefit payments are fully funded	2124

Total Pension Expense	\$ 33,895,610
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Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,810,817	\$ -
Changes in assumptions	819,854	-
Net difference between projected and actual earnings on pension plan investments	39,639,155	34,782,241
Total	\$ 54,269,826	\$ 34,782,241

Covered payroll was provided by the City as defined in GASB Statement Nos. 67 and 68.

* Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality. In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA. The rate shown is as of December 26, 2024, the most recent date available on or before 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 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 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.

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 or local governments 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 System subsequent to the measurement date of December 31, 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 of 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.

GASB Statement Nos. 67 and 68 require the notes of the financial statements for the employers and pension plans to include certain additional information. The list of disclosure items should include:

- A description of benefits provided by the plan;
- The type 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 and the net pension liability;
- The net pension liability using a discount rate that is 1% higher and 1% lower than 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 payroll; and
- A comparison of the actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

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 all actuarial assumptions are met (including the assumption of the plan earning 6.75% on the actuarial value of assets), then the following outcomes are expected:

1. The employer normal cost as a percentage of pay is expected to remain level as a percentage of payroll.
2. The unfunded liability is expected to be paid off in approximately 30 years, which is the number of years remaining in the closed amortization schedule of the unfunded liability for December 31, 2024.
3. The funded status of the plan is expected to reach a 100% funded ratio in approximately 30 years, which is the number of years remaining in the closed amortization schedule of the unfunded liability for December 31, 2024.

This funding policy results in the expectation that the plan's assets will be able to fully pay for promised benefits through at least 2124. 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.

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. The net pension liability and pension expense should be measured as of the pension plan's fiscal year end (measurement date) on a date that is within the employer's prior fiscal year. 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 December 31, 2024 and a measurement date of December 31, 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 (which is published by the Bond Buyer Index) 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 expected rate of return on pension plan investments is 6.75%; the municipal bond rate is 4.08% (based on the weekly rate closest to but not later than the measurement date of the "20-Bond GO Index" rate from the Bond Buyer Index); and the resulting Single Discount Rate is 6.75%.

SECTION B

FINANCIAL STATEMENTS

Statement of Pension Expense under GASB Statement No. 68
Measurement Date – December 31, 2024
Reporting Date – June 30, 2025

A. Expense

1. Service Cost	\$ 13,626,432
2. Interest on the Total Pension Liability	45,400,297
3. Current Period Benefit Changes	-
4. Employee Contributions (made negative for addition here)	(6,134,487)
5. Projected Earnings on Plan Investments (made negative for addition here)	(32,836,350)
6. Pension Plan Administrative Expense	632,135
7. Other Changes in Plan Fiduciary Net Position	-
8. Recognition of Outflow (Inflow) of Resources due to Liabilities	13,368,734
9. Recognition of Outflow (Inflow) of Resources due to Assets	<u>(161,152)</u>
10. Total Pension Expense	\$ 33,895,610

Statement of Outflows and Inflows Arising from the Current Reporting Period Measurement Date – December 31, 2024 Reporting Date – June 30, 2025

A. Outflows (Inflows) of Resources Due to Liabilities

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$ 8,327,564
2. Assumption Changes (gains) or losses	\$ -
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	4.7000
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability	\$ 1,771,822
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$ -
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	<u>\$ 1,771,822</u>
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total Pension Liability	\$ 6,555,742
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$ -
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	<u>\$ 6,555,742</u>

B. Outflows (Inflows) of Resources Due to Assets

1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	\$ (15,979,917)
2. Recognition period for Assets {in years}	5.0000
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets	\$ (3,195,983)
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$ (12,783,934)

Statement of Outflows and Inflows Arising from the Current and Prior Reporting Periods Measurement Date – December 31, 2024 Reporting Date – June 30, 2025

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

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	\$ 13,368,734	\$ -	\$ 13,368,734
2. Due to Assets	19,819,577	19,980,729	(161,152)
3. Total	\$ 33,188,311	\$ 19,980,729	\$ 13,207,582

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

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	\$ 8,870,935	\$ -	\$ 8,870,935
2. Assumption Changes	4,497,799	-	4,497,799
3. Net Difference between projected and actual earnings on pension plan investments	19,819,577	19,980,729	(161,152)
4. Total	\$ 33,188,311	\$ 19,980,729	\$ 13,207,582

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	\$ 13,810,817	\$ -	\$ 13,810,817
2. Assumption Changes	819,854	-	819,854
3. Net Difference between projected and actual earnings on pension plan investments	39,639,155	34,782,241	4,856,914
4. Total	\$ 54,269,826	\$ 34,782,241	\$ 19,487,585

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

Year Ending June 30	Net Deferred Outflows of Resources
2026	\$ 10,604,802
2027	15,906,163
2028	(5,067,671)
2029	(1,955,709)
2030	-
Thereafter	-
Total	\$ 19,487,585



Recognition of Deferred Outflows and Inflows of Resources

Measurement Date – December 31, 2024

Reporting Date – June 30, 2025

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
Deferred Outflow (Inflow) due to Differences Between Expected and Actual Experience on Liabilities					
2021	\$ 2,397,342	4.1	\$ 58,470	\$ -	0.0
2022	7,963,985	4.2	1,896,187	379,237	0.2
2023	14,806,552	4.0	3,701,638	3,701,638	1.0
2024	6,059,836	4.2	1,442,818	3,174,200	2.2
2025	8,327,564	4.7	1,771,822	6,555,742	3.7
Total			8,870,935	13,810,817	
Deferred Outflow (Inflow) due to Assumption Changes					
2021	\$ 16,339,734	4.1	\$ 398,530	\$ -	0.0
2022	\$ 17,216,930	4.2	4,099,269	819,854	0.2
2023	0	4.0	-	-	1.0
2024	0	4.2	0	0	2.2
2025	0	4.7	0	0	3.7
Total			4,497,799	819,854	
Deferred Outflow (Inflow) due to Differences Between Projected and Actual Earnings on Plan Investments					
2021	\$ (13,252,917)	5.0	\$ (2,650,585)	\$ -	0.0
2022	(51,010,445)	5.0	(10,202,089)	(10,202,089)	1.0
2023	99,097,886	5.0	19,819,577	39,639,155	2.0
2024	(19,660,362)	5.0	(3,932,072)	(11,796,218)	3.0
2025	(15,979,917)	5.0	(3,195,983)	(12,783,934)	4.0
Total			(161,152)	4,856,914	

According to paragraph 33 of GASB Statement No. 68, 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 pensions 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 6,092 years. Additionally, the total plan membership (active employees and inactive employees) was 1,288. 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 4.7 years.

Additionally, differences between projected and actual earnings on pension 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 Fiduciary Net Position as of December 31, 2024

Assets

Cash and Deposits	\$ 9,931,213
Receivables	
Accounts Receivable - Sale of Investments	\$ -
Accrued Interest and Other Dividends	1,070,143
Contributions	768,303
Accounts Receivable - Other	2,571,005
Total Receivables	<u>\$ 4,409,451</u>
Investments	
Fixed Income	138,471,383
Equities - Mutual and Hedge Funds	165,605,435
Equities - Common Stock	110,286,467
Real Estate	27,672,004
Other - Private Equity/Credit and Commodities	75,308,582
Total Investments	<u>\$ 517,343,871</u>
Total Assets	<u>\$ 531,684,535</u>

Liabilities

Payables	
Accounts Payable	\$ 3,049,324
Accrued Expenses	407,443
Other	-
Total Liabilities	<u>\$ 3,456,767</u>
Net Position Restricted for Pensions	<u>\$ 528,227,768</u>

Statement of Changes in Fiduciary Net Position for Year Ended December 31, 2024

Additions

Contributions

Employer	\$ 17,988,543
Employee	6,134,487
Other	-
Total Contributions	<u>\$ 24,123,030</u>

Investment Income

Net Appreciation in Fair Value of Investments	\$ 40,960,098
Interest, Dividends and Securities Lending	9,165,061
Less Investment Expense	<u>(1,308,892)</u>
Net Investment Income	<u>\$ 48,816,267</u>

Other	<u>\$ -</u>
Total Additions	<u>\$ 72,939,297</u>

Deductions

Benefit Payments, including Refunds of Employee Contributions	\$ 37,596,788
Pension Plan Administrative Expense	632,135
Other	-
Total Deductions	<u>\$ 38,228,923</u>

Net Increase in Net Position	\$ 34,710,374
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Net Position Restricted for Pensions

Beginning of Year	<u>\$ 493,517,394</u>
End of Year	<u><u>\$ 528,227,768</u></u>

SECTION C

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Measurement Date - December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 13,626,432	\$ 13,092,487	\$ 11,755,473	\$ 10,109,359	\$ 9,269,719	\$ 9,071,101	\$ 8,780,168	\$ 8,723,494	\$ 8,588,314	\$ 7,482,069
Interest on the Total Pension Liability	45,400,297	43,692,739	41,634,797	40,340,298	38,670,466	37,279,003	35,724,491	34,356,315	32,676,161	29,375,231
Benefit Changes	-	-	109,480	-	-	-	-	-	114,084	-
Difference between Expected and Actual Experience	8,327,564	6,059,836	14,806,552	7,963,985	2,397,342	2,068,208	4,658,725	3,265,534	7,264,098	16,663,107
Assumption/Method Changes	-	-	-	17,216,930	16,339,734	-	-	5,497,995	1,551,086	35,683,769
Benefit Payments	(36,806,622)	(34,914,560)	(37,260,216)	(31,391,289)	(29,880,788)	(27,511,480)	(27,117,475)	(24,794,055)	(29,338,856)	(32,070,933)
Refunds	(790,166)	(3,118,424)	(1,680,344)	(1,531,742)	(501,756)	(219,197)	(286,684)	(19,080)	(21,606)	(11,369)
Net Change in Total Pension Liability	\$ 29,757,505	\$ 24,812,078	\$ 29,365,742	\$ 42,707,541	\$ 36,294,717	\$ 20,687,635	\$ 21,759,225	\$ 27,030,203	\$ 20,833,281	\$ 57,121,874
Total Pension Liability - Beginning	\$ 684,582,165	\$ 659,770,087	\$ 630,404,345	\$ 587,696,804	\$ 551,402,087	\$ 530,714,452	\$ 508,955,227	\$ 481,925,024	\$ 461,091,743	\$ 403,969,869
Total Pension Liability - Ending (a)	\$ 714,339,670	\$ 684,582,165	\$ 659,770,087	\$ 630,404,345	\$ 587,696,804	\$ 551,402,087	\$ 530,714,452	\$ 508,955,227	\$ 481,925,024	\$ 461,091,743
Plan Fiduciary Net Position										
Employer Contributions	\$ 17,988,543	\$ 16,366,549	\$ 13,124,901	\$ 11,660,533	\$ 10,716,480	\$ 9,672,074	\$ 9,421,305	\$ 8,911,489	\$ 7,166,351	\$ 5,630,297
Employee Contributions	6,134,487	6,062,639	5,927,247	5,930,546	5,379,200	5,832,668	5,313,127	5,114,841	4,929,842	4,557,165
Pension Plan Net Investment Income	48,816,267	50,136,968	(63,118,350)	83,738,143	44,596,181	71,134,823	(24,672,147)	53,740,592	25,712,942	(9,083,712)
Benefit Payments	(36,806,622)	(34,914,560)	(37,260,216)	(31,391,289)	(29,880,788)	(27,511,480)	(27,117,475)	(24,794,055)	(29,338,856)	(32,070,933)
Refunds	(790,166)	(3,118,424)	(1,680,344)	(1,531,742)	(501,756)	(219,197)	(286,684)	(19,080)	(21,606)	(11,369)
Pension Plan Administrative Expense	(632,135)	(645,899)	(622,188)	(550,780)	(576,813)	(592,306)	(602,512)	(580,690)	(542,277)	(581,364)
Other	-	-	(52,798)	(46,903)	(56,632)	(44,775)	(45,967)	-	-	-
Net Change in Plan Fiduciary Net Position	34,710,374	33,887,273	(83,681,748)	67,808,508	29,675,872	58,271,807	(37,990,353)	42,373,097	7,906,396	(31,559,916)
Plan Fiduciary Net Position - Beginning	493,517,394	459,630,121	543,311,869	475,503,361	445,827,489	387,555,682	425,546,035	383,172,938	375,266,542	406,826,458
Plan Fiduciary Net Position - Ending (b)	\$ 528,227,768	\$ 493,517,394	\$ 459,630,121	\$ 543,311,869	\$ 475,503,361	\$ 445,827,489	\$ 387,555,682	\$ 425,546,035	\$ 383,172,938	\$ 375,266,542
Net Pension Liability - Ending (a) - (b)	\$ 186,111,902	\$ 191,064,771	\$ 200,139,966	\$ 87,092,476	\$ 112,193,443	\$ 105,574,598	\$ 143,158,770	\$ 83,409,192	\$ 98,752,086	\$ 85,825,201
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.95 %	72.09 %	69.67 %	86.18 %	80.91 %	80.85 %	73.03 %	83.61 %	79.51 %	81.39 %
Covered-Employee Payroll #	\$ 47,336,913	\$ 46,909,560	\$ 42,471,823	\$ 41,018,362	\$ 40,201,129	\$ 39,566,105	\$ 38,122,879	\$ 38,919,488	\$ 38,129,771	\$ 36,827,593
Net Pension Liability as a Percentage of Covered-Employee Payroll	393.16 %	407.30 %	471.23 %	212.33 %	279.08 %	266.83 %	375.52 %	214.31 %	258.99 %	233.05 %
Notes to Schedule:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Reported rates of pay adjusted by gross-up factors to estimate covered payroll. Beginning with the fiscal year ending 2021, covered payroll was reported by the System.



Schedules of Required Supplementary Information

Schedule of the Employers' Net Pension Liability

FY Ending December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll#	Net Pension Liability as a % of Covered Payroll
2015	\$ 461,091,743	\$ 375,266,542	\$ 85,825,201	81.39%	\$ 36,827,593	233.05 %
2016	481,925,024	383,172,938	98,752,086	79.51%	38,129,771	258.99 %
2017	508,955,227	425,546,035	83,409,192	83.61%	38,919,488	214.31 %
2018	530,714,452	387,555,682	143,158,770	73.03%	38,122,879	375.52 %
2019	551,402,087	445,827,489	105,574,598	80.85%	39,566,105	266.83 %
2020	587,696,804	475,503,361	112,193,443	80.91%	40,201,129	279.08 %
2021	630,404,345	543,311,869	87,092,476	86.18%	41,018,362	212.33 %
2022	659,770,087	459,630,121	200,139,966	69.67%	42,471,823	471.23 %
2023	684,582,165	493,517,394	191,064,771	72.09%	46,909,560	407.30 %
2024	714,339,670	528,227,768	186,111,902	73.95%	47,336,913	393.16 %

Reported rates of pay adjusted by gross-up factors to estimate covered payroll. Beginning with the fiscal year ending 2021, covered payroll was reported by the System.

Schedule of Contributions

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll #	Actual Contribution as a % of Covered Payroll
2015	\$ 5,630,297	\$ 5,630,297	\$ -	\$ 36,827,593	15.29%
2016	7,166,351	7,166,351	-	38,129,771	18.79%
2017	8,911,489	8,911,489	-	38,919,488	22.90%
2018	9,421,305	9,421,305	-	38,122,879	24.71%
2019	9,672,074	9,672,074	-	39,566,105	24.45%
2020	10,716,480	10,716,480	-	40,201,129	26.66%
2021	11,660,533	11,660,533	-	41,018,362	28.43%
2022	13,124,901	13,124,901	-	42,471,823	30.90%
2023	16,366,549	16,366,549	-	46,909,560	34.89%
2024	17,988,543	17,988,543	-	47,336,913	38.00%

Reported rates of pay adjusted by gross-up factors to estimate covered payroll. Beginning with the fiscal year ending 2021, covered payroll was reported by the System.

* Actual contributions are based on covered payroll at the time of the contribution. Since it was reported to the actuary that the City's practice is to contribute the percent-of-payroll employer contribution rate shown in the actuarial valuation report, the annual required contributions shown in the Schedule of Employer Contributions are the actual contributions made by the City in the fiscal year.

Notes to Schedule of Contributions

Valuation Date: December 31, 2024

Notes: Actuarially determined contribution rates are calculated as of December 31, which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates for the Fiscal Year Beginning July 1, 2024:

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple periods (23 to 30 years as of December 31, 2022)
Asset Valuation Method	5-year smoothed market
Inflation	3.0% wage inflation, 2.25% price inflation
Salary Increases	3.00% to 20.00% including inflation
Investment Rate of Return	6.75% as of December 31, 2022
Cost-of-Living Adjustments	<p>Ad hoc “13th check” tied to plan investments for benefit recipients who do not have an automatic benefit increase.</p> <p>1.5% simple escalator for firefighters retired on or after July 1, 2007 with commencement delayed 2 years after retirement.</p> <p>1.5% simple escalator for Fire Chief retired on or after January 1, 2016 and Deputy Fire Chief retired on or after October 6, 2016 with commencement delayed 2 years after retirement.</p> <p>1.0% simple escalator for police command officer retired on or after February 19, 2010 with commencement delayed 5 years after retirement.</p> <p>1.0% simple escalator for police officers and sergeants retired on or after December 17, 2008 with commencement delayed 5 years after retirement.</p> <p>1.0% simple escalator for Police Chief and Deputy Police Chief retired on or after January 1, 2016 with commencement delayed 5 years after retirement.</p>
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Pub-2010 Amount-Weighted, Public Safety, Male and Female tables, with a base year of 2010 and future mortality improvement projected using scale MP-2019 on a fully generational basis.

Other Information:

Notes



SECTION D

NOTES TO FINANCIAL STATEMENTS

Long-Term Expected Return on Plan Assets

The following table shows the long-term expected returns as of January 2025, as provided by the System's investment consultant, Mariner.

Asset Class	Target Allocation	Long-Term Expected Return*
US Cash	1.00%	3.10%
US Aggregate Bonds	28.50%	4.70%
US Large Cap	24.00%	7.91%
US Small Cap	4.75%	8.82%
EAFE Equity	15.25%	9.49%
Emerging Markets	6.50%	9.18%
US REITS	5.00%	9.33%
Value Add Real Estate	0.00%	11.70%
Private Equity	5.00%	11.59%
Direct Lending	5.00%	9.04%
Commodities	0.00%	5.32%
MLPS	5.00%	7.07%
Total	100.00%	7.58%

**All return assumptions are arithmetic.*

The figures in the above table were supplied by the investment consultant. Gabriel, Roeder, Smith & Company does not provide investment advice.

Single Discount Rate

A single discount rate of 6.75% 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 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

Sensitivity of the Net 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 6.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

	One Percent Lower	Current Single Discount Rate Assumption	One Percent Higher
	5.75%	6.75%	7.75%
Total Pension Liability	\$ 804,074,101	\$ 714,339,670	\$ 640,878,192
Plan Net Position	528,227,768	528,227,768	528,227,768
Net Pension Liability	\$ 275,846,333	\$ 186,111,902	\$ 112,650,424

Summary of Population Statistics as of December 31, 2024

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	815
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	11
Active Plan Members	<u>469</u>
Total Plan Members	1,295

SECTION E

SUMMARY OF BENEFITS

Summary of Benefit Provisions Evaluated December 31, 2024

Voluntary Retirement. Police members may retire after attaining age 50 and completing 10 years of service. Firefighter members are eligible for retirement after attaining age 55 with 10 or more years of service. Firefighter members may also retire at the age their service reaches the service credit limit.

Compulsory Retirement. None.

Final Average Salary (FAS). The average of member's highest annual salary rates during the three consecutive calendar years of credited service when such compensation rates are the highest increased by the applicable FAS Adjustment Factor 19.2% for Police members for the period January 1, 2024 to June 30, 2024, and 20.6% for Police members for the period July 1, 2024 to December 31, 2024, 19.2% for Firefighter members for the period January 1, 2024 to June 30, 2024, and 21.6% for Firefighter members for the period July 1, 2024 to December 31, 2024. The FAS Adjustment Factor for Non-Represented members (Fire Chief, Deputy Fire Chief, Police Chief, and Deputy Police Chiefs) is based upon the ratio of years of service while in a collective bargaining unit to total years of service. (Highest salary rates that occur in calendar years after the calendar year in which the member reaches their service credit limit will not be included in the FAS).

Benefit Multiplier Description. See page 20.

Benefit Multiplier. The member's benefit multiplier, used to compute full age and service allowance, is defined in the following table:

Benefit Multipliers and Allowance Caps for Member Groups

Covered Group	Date of Hire	Benefit Multiplier	Allowance Cap
Firefighters	Prior to July 1, 1992	2.5%	100%
	-or-		
	Prior to July 1, 1992	2.8%	94.5%
	July 1, 1992 to January 9, 2012	2.8%	90%
	January 10, 2012 or after	2.0%*	90%
Fire Chief or Deputy Fire Chief	At any time (must be member of System at time of hire)	2.8%	94.5%
Police Command	Prior to July 1, 2001	2.8%	100%
	July 1, 2001 to December 19, 2011	2.8%	80%
	December 20, 2011 or after	2.0% [@]	80%
Police Chief or Deputy Police Chief	At any time (must be member of System at time of hire)	2.8%	100%
Police Officers and Sergeants	Before March 9, 1995	2.8%	100%
	March 9, 1995 to June 30, 2001	2.8%	87.5%
	July 1, 2001 to December 19, 2011	2.8%	80%
	December 20, 2011 or after	2.0% [#]	80%

* Firefighter members hired on or after January 10, 2012 will have a 2.0% multiplier for the first five (5) years of employment. Such members will have an option, between four and a half (4½) years and five (5) years of employment, to irrevocably elect to increase their own benefit multiplier to 2.2%, 2.4%, 2.6% or 2.8%, for all future credited service after the first five (5) years. The incremental cost for a higher multiplier will be calculated by the System's actuary following each experience study, or at least every five (5) years, and shall be added to the member contributions required under Section 1.258(4)(a) for the remainder of the member's employment. If no election is made by such member prior to his/her five-year employment anniversary date, then all credited service shall be calculated using a 2.0% multiplier. Effective as of July 1, 2019, members may irrevocably elect to increase their own benefit multiplier to 2.2%, 2.4% 2.6% or 2.8%, retroactive to no earlier than the member's six-month anniversary date, or in any six-month increment from that date. If no election is made by such member prior to his/her five-year employment anniversary date, then all credited service shall be calculated using a 2.0% multiplier. Members hired on or after January 1, 2024 must make an irrevocable multiplier election before their six-month anniversary date. If no election is made by such member prior to their six-month anniversary date, then all credited service shall be calculated using a 2.0% multiplier. The increased cost of the member's election shall be calculated by the actuary and paid by the member via an increased member contribution rate.

- @ Police Command members hired on or after December 20, 2011 will have a 2.0% multiplier for the first five (5) years of employment. Such members will have an option, between four (4) and five (5) years of employment, to irrevocably elect to increase their own benefit multiplier to 2.2%, 2.4%, 2.6% or 2.8%, for all future credited service after the first five (5) years. The incremental cost for a higher multiplier will be calculated by the System's actuary following each experience study, or at least every five (5) years, and shall be added to the member contributions required under Section 1.258(4)(c) for the remainder of the member's employment. If no election is made by such member prior to their five-year employment anniversary date, then all credited service shall be calculated using a 2.0% multiplier. If a Police Command member is promoted into the unit from the Police Officers and Sergeants unit and has already elected a higher multiplier, or defaulted to a 2.0% multiplier for all service, then that election or default shall be applicable for service earned while in the Command unit as well.*
- # Police Officers and Sergeants hired on or after December 20, 2011 will have a 2.0% multiplier for the first five (5) years of employment. Such members will have an option, between four (4) and five (5) years of employment, to irrevocably elect to increase their own benefit multiplier to 2.2%, 2.4%, 2.6% or 2.8%, for all future credited service after the first five (5) years. The incremental cost for a higher multiplier will be calculated by the System's actuary following each experience study, or at least every five (5) years, and shall be added to the member contributions required under Section 1.258(4)(b) for the remainder of the member's employment. If no election is made by such member prior to their five-year employment anniversary date, then all credited service shall be calculated using a 2.0% multiplier. Effective July 1, 2019, members hired between December 20, 2011 and August 31, 2019 will be afforded a one-time opportunity to irrevocably elect to increase their own benefit multiplier to 2.2%, 2.4%, 2.6% or 2.8%, retroactive to no earlier than the member's six-month anniversary date, or in any six-month increment from that date. Prior elections may not be changed to a different multiplier. Members hired on or after September 1, 2019 must make an irrevocable multiplier election before their six-month anniversary date. If no election is made by such member prior to their six-month anniversary date, then all credited service shall be calculated using a 2.0% multiplier. The increased cost of the member's election shall be calculated by the actuary and paid by the member via an increased member contribution rate.*

Full Age and Service Allowance. Allowance, payable monthly for life to the retired member, equals the member's benefit multiplier times the member's FAS times years of credited service. In lieu of this single life-level amount form of payment, a retiring member may elect from a variety of optional forms of payment, each of which is the actuarial equivalent (same lump sum value at time of retirement) of the single life-level payment form.

Deferred Allowance. A member with 10 or more years of service who leaves covered employment before retirement is eligible to receive an allowance computed in the same manner as an age and service allowance but based upon the member's employment record to the time of leaving. Such deferred allowance commences the first day of the calendar month next following the later of the date of the member's attainment of age 50 or the date when written application therefore is received by the Board. Benefits may be actuarially reduced in accordance with the Early Retirement provision if applicable.

Early Allowance. A Firefighter member who leaves covered employment after both attaining age 50 and completing 10 years of service is eligible to receive an immediate early allowance (in lieu of a deferred allowance), computed in the same manner as a deferred allowance based upon the member's employment record to the time of early retirement, but actuarially reduced (per schedule in ordinance) to reflect the fact that the age when payments begin is younger than age 55.

Duty Disability Allowance. A member who becomes totally and permanently disabled from duty-connected causes is eligible to receive, subject to offsets, a duty disability allowance computed in the same manner as a full age and service allowance based upon the member's employment record to the time of disability with a minimum allowance before offset of 72% of FAS. The maximum allowance after offsets is 90% of final salary less amounts received from (i) Worker's Compensation, (ii) gainful employment as a law enforcement officer or firefighter, and (iii) Social Security disability income.

Non-Duty Disability Allowance. A member with 1 or more years of credited service and who has not attained the minimum service retirement age, who becomes totally and permanently disabled from other than duty-connected causes is eligible to receive a non-duty disability allowance computed in the same manner as a full age and service allowance, based upon the member's employment record to the time of disability. Minimum benefit for Police Officers is 48% of FAS if credited service is less than 20 years or 60% of FAS if credited service is 20 or more years. Minimum benefit for Police Command Officers is based on the earlier of (i) the date the member would have completed 20 (if credited service is less than 20 years) or 25 years of service (if credited service is 20 or more years) or (ii) the date the member would have reached 50 years of age. Minimum benefit for Firefighters is based on the earlier of (i) the date the member would have completed 20 (if credited service is less than 20 years) or 25 years of service (if credited service is 20 or more years) or (ii) the date the member would have reached 55 years of age. For Fire members hired on or after July 1, 2016 or any Police members, until a member reaches the Pension System vesting requirement of 10 years of service, the benefit the member is entitled to is 50% for service years 1-5, then an additional 10% of the above formula for every year of service accrued in the System (e.g., 1-5 years of service = 50% of Non-Duty Disability Allowance, 6 years = 60%, ..., 10 years = 100%).

Death-in-Service Benefits. Upon the death of a member, surviving dependents are eligible to receive the following benefits, subject to offsets for Worker's Compensation and Social Security.

- (a) The widow receives an allowance equal to the Option B-100 allowance (joint and 100% survivor actuarial equivalent benefit) which would have been payable to her had the deceased member retired the day preceding the date of his death and elected Option B-100. The minimum allowance payable to the widow is 20% of the member's FAS. If the death was determined to be duty-related, the minimum allowance payable to the widow is 72% of the member's final average salary (60% for Command or Firefighters hired after June 30, 1992).
- (b) Dependent children under age 18 (up to age 23 if they are continuous full-time students) each are eligible to receive an allowance of 15% of the member's FAS. If there are four or more dependent children, each child receives an equal share of 50% of the member's FAS.
- (c) If there are neither a widow nor children, each dependent parent is eligible to receive an allowance equal to 15% of FAS.

Compensation. Compensation upon which members contribute includes base pay, longevity pay, educational increment and vacation pay, plus the following additional compensation items:

Firefighters: Overtime pay (assumed to be 4.2% for calendars years before 2010 and actual overtime in 2010 and later), holiday pay, clothing allowance, acting assignment pay, shop pay and shift pay. For Firefighters retiring after January 1, 2012 up to six (6) days of unused vacation time may be converted to compensation. Effective January 9, 2019, certain Firefighters may convert additional vacation hours to equate to the same vacation accrual payment as fire members assigned to fire suppression at the same rank.

Police Officers and Police Command Officers: Overtime pay, comp. payoff, holiday pay, clothing allowance, acting assignment, witness fees and shift pay.

The average of the additional compensation items is used to annually adjust the FAS Adjustment Factor. In addition, compensation will not include any amount that would cause the System to be in violation of IRC Sections 401(a) (17) or 415(d).



Member Contributions. Member contribution rates shall be payable in accordance with the following table.

System Funding Represented as a Percentage of Valuation Assets to Actuarial Accrued Liabilities	Firefighters Hired Before Jan. 10, 2012	Firefighters Hired After Jan. 10, 2012	Police Officers & Sergeants Hired Before Dec. 20, 2011	Police Officers & Sergeants Hired After Dec. 20, 2011	Police Command Officers
Below 100%	10.70%	7.70%	9.86%	6.86%	10.89%
100% - 104.999%	9.70%	6.70%	8.86%	5.86%	9.89%
105% - 109.999%	8.70%	5.70%	7.86%	4.86%	8.89%
110% - 114.999%	7.70%	4.70%	6.86%	3.86%	7.89%
115% - 119.999%	6.70%	4.70%	5.86%	2.86%	6.89%
120% - 124.999%	6.70%	4.70%	5.20%	2.20%	6.06%
125% - 129.999%	6.70%	4.70%	4.54%	1.54%	5.23%
130% - 134.999%	6.70%	4.70%	3.88%	0.88%	4.40%
135+%	6.70%	4.70%	3.22%	0.22%	3.57%

The member contribution rates used for the December 31, 2023 valuation were 10.70% (Firefighters hired before January 10, 2012), 7.70% (effective October 16, 2022 for Firefighters hired after January 10, 2012), 9.86% (Police Officers and Sergeants hired before December 20, 2011), 6.86% (effective November 27, 2022 for Police Officers and Sergeants hired after December 20, 2011), 10.89% (Police Command Officers) and 10.20% (Police Chief, Deputy Police Chiefs, Fire Chief and Deputy Fire Chief).

Members may elect their benefit multiplier/employee contributions based on the following:

- *Firefighter members hired on or after January 10, 2012 will have a 2.0% multiplier for the first five (5) years of employment. Such members will have an option, between four and a half (4½) years and five (5) years of employment, to irrevocably elect to increase their own benefit multiplier to 2.2%, 2.4%, 2.6% or 2.8%, for all future credited service after the first five (5) years. The incremental cost for a higher multiplier will be calculated by the System's actuary following each experience study, or at least every five (5) years, and shall be added to the member contributions required under Section 1.258(4)(a) for the remainder of the member's employment. If no election is made by such member prior to his/her five-year employment anniversary date, then all credited service shall be calculated using a 2.0% multiplier. Effective as of July 1, 2019, members may irrevocably elect to increase their own benefit multiplier to 2.2%, 2.4% 2.6% or 2.8%, retroactive to no earlier than the member's six-month anniversary date, or in any six-month increment from that date. If no election is made by such member prior to his/her five-year employment anniversary date, then all credited service shall be calculated using a 2.0% multiplier. Members hired on or after January 1, 2024 must make an irrevocable multiplier election before their six-month anniversary date. If no election is made by such member prior to their six-month anniversary date, then all credited service shall be calculated using a 2.0% multiplier. The increased cost of the member's election shall be calculated by the actuary and paid by the member via an increased member contribution rate.*
- *Police Command members hired on or after December 20, 2011 will have a 2.0% multiplier for the first five (5) years of employment. Such members will have an option, between four (4) and five (5) years of employment, to irrevocably elect to increase their own benefit multiplier to 2.2%, 2.4%, 2.6% or 2.8%, for all future credited service after the first five (5) years. The incremental cost for a higher multiplier will be calculated by the System's actuary following each experience study, or at least every five (5) years, and shall be added to the member contributions required under Section 1.258(4)(c) for the remainder of the member's employment. If no election is made by such member prior to their five-year employment anniversary date, then all credited service shall be calculated using a 2.0% multiplier. If a Police Command member is promoted into the unit from the Police Officers and Sergeants unit and has already elected a higher multiplier, or defaulted to a 2.0% multiplier for all service, then that election or default shall be applicable for service earned while in the Command unit as well.*

- *Police Officers and Sergeants hired on or after December 20, 2011 will have a 2.0% multiplier for the first five (5) years of employment. Such members will have an option, between four (4) and five (5) years of employment, to irrevocably elect to increase their own benefit multiplier to 2.2%, 2.4%, 2.6% or 2.8%, for all future credited service after the first five (5) years. The incremental cost for a higher multiplier will be calculated by the System's actuary following each experience study, or at least every five (5) years, and shall be added to the member contributions required under Section 1.258(4)(b) for the remainder of the member's employment. If no election is made by such member prior to their five-year employment anniversary date, then all credited service shall be calculated using a 2.0% multiplier. Effective July 1, 2019, members hired between December 20, 2011 and August 31, 2019 will be afforded a one-time opportunity to irrevocably elect to increase their own benefit multiplier to 2.2%, 2.4%, 2.6% or 2.8%, retroactive to no earlier than the member's six-month anniversary date, or in any six-month increment from that date. Prior elections may not be changed to a different multiplier. Members hired on or after September 1, 2019 must make an irrevocable multiplier election before their six-month anniversary date. If no election is made by such member prior to their six-month anniversary date, then all credited service shall be calculated using a 2.0% multiplier. The increased cost of the member's election shall be calculated by the actuary and paid by the member via an increased member contribution rate.*

The additional member contributions for the multiplier elections are as follows:

		Police Officers & Sergeants / Police Command Officers
Multiplier for Future Service	Firefighters	
2.0%	0.00%	0.00%
2.2%	1.34%	1.38%
2.4%	2.74%	2.79%
2.6%	4.18%	4.23%
2.8%	5.67%	5.68%

If a member terminates employment before any allowance is payable, accumulated contributions (contributions plus regular interest) are refunded.

Employer Contributions. The City contributes the remainder amounts necessary to maintain the Retirement System in sound financial condition in accordance with its funding objectives.

Automatic Post-Retirement Benefit Increases. Post-retirement benefit increases are paid to eligible groups as described in the following table.

	Firefighters	Deputy Fire Chief	Fire Chief	Police Officers and Sergeants	Police Command Officers	Police Chief and Deputy Police Chief
Effective date	Retired on or after July 1, 2007	Retired on or after October 6, 2016	Retired on or after January 1, 2016	Retired on or after December 17, 2008	Retired on or after February 19, 2010	Retired on or after January 1, 2016
Amount of increase	1.5% of original benefit	1.5% of original benefit	1.5% of original benefit	1.0% of original benefit	1.0% of original benefit	1.0% of original benefit
First increase to occur	2 years after retirement	2 years after retirement	2 years after retirement	5 years after retirement	5 years after retirement	5 years after retirement

The increase is paid on January or July following the end of the delay period. Benefit recipients who are eligible for the automatic post-retirement increase do not participate in the 13th check program.

13th Check. For members not eligible for automatic post-retirement increases, one-half of net investment income over 8% which is attributable to retired life assets is distributed annually (in January) to retired members and beneficiaries who have been on the retirement rolls for five years in the form of a 13th check. Net investment income is based on a market value rate of return averaged over the preceding five plan years. The distribution is in proportion to points. An individual's points are determined by multiplying (i) the number of full years of retirement, to a maximum of 15, by (ii) the number of years, and fractions thereof, of service at retirement. Subsequent to the calculations above, the benefit so calculated for Chief of Police, Deputy Chief, Police Command Officers, Police Officers and Sergeants, Fire Service, and beneficiaries having had at least 10 years of service under either bargaining unit shall be increased by 20 percent.

Key Employee Incentive Program (KEIP). Participation is open to any employee of the City of Grand Rapids Police and Fire Retirement System who attains service retirement eligibility and maintains a minimum leave accrual balance of 100 hours. A regular retirement benefit is computed for the member as of his KEIP election date based upon Final Average Compensation (FAC), credited service and benefit multiplier as of this date. Monthly payments equal to 75% of the computed monthly benefit are deposited into the KEIP Reserve Account (KRA) on behalf of this member. Interest is credited monthly to this balance in the KRA at the rate of 3%, compounded annually. Employer and member contributions shall cease as of the member's KEIP election date. The members may remain in the KEIP for up to five years and then must cease participation in the KEIP. The member's monthly benefit at retirement will be the original monthly payment determined at the KEIP election date plus any applicable post-retirement benefit increases.

Eligibility. The Plan is closed to individuals hired from outside of the organization to fill the position of Fire Chief, Deputy Fire Chief, Police Chief or Deputy Police Chief.



SECTION F

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

Valuation Methods

Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using the individual entry-age actuarial cost method having the following characteristics:

- (i) The annual normal costs for each individual active member, payable from the date of employment to the date of retirement, are sufficient to accumulate the value of the portion 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.

Financing of Unfunded Actuarial Accrued Liabilities. Unfunded actuarial accrued liabilities arising in a given year are amortized over a closed 30-year period. Detail can be found on page A-18 of the December 31, 2024 valuation report.

Valuation Asset Method. **Valuation Assets** were determined using a method which phases in each year's differences between actual and assumed investment return over a closed five-year period. For GASB reporting purposes, the market value of assets is used.

Actuarial Assumptions Used for the Valuation Adopted by the Board of Trustees

The actuary calculates contribution requirements and actuarial present values of the System by applying assumptions to the benefit provisions and census data information furnished, using the valuation methods described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- (i) Long-term rates of investment return to be generated by the assets of the System;
- (ii) Patterns of pay increases to members;
- (iii) Rates of mortality among members, retirants and beneficiaries;
- (iv) Rates of withdrawal of active members;
- (v) Rates of disability among members; and
- (vi) The age patterns of actual retirement.

In a valuation, the actuary calculates the monetary effect of each assumption for as long as a present covered person survives - a period of time which can be as long as a century.

Actual experience will not coincide exactly with assumed experience, regardless of the wisdom of the assumptions, or the skill of the actuary and the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

The assumptions are established by the Board after consulting with the actuary. Updated assumptions were adopted for the December 31, 2020 valuation pursuant to the Experience Study dated July 27, 2020. All assumptions are based on future expectations, not market measures. The investment return assumption was updated for the December 31, 2021 valuation.

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefit amounts will be based.

Service at Beginning of Year	Salary Increase Assumptions For an Individual Member		
	Merit & Seniority	Base (Economic)	Increase Next Year
1	17.00%	3.00%	20.00%
2	7.00	3.00	10.00
3	6.00	3.00	9.00
4	5.00	3.00	8.00
5	4.00	3.00	7.00
6 and over	1.00	3.00	4.00

These rates were first used for the December 31, 2020 valuation.

If the number of active members remains constant, then the total active member payroll will increase 3.0% annually, the base portion of the individual salary increase assumptions. This increasing payroll was recognized in amortizing unfunded actuarial accrued liabilities. Note that the 3.0% wage inflation assumption consists of 2.25% for price inflation and 0.75% for real wage growth.

The rate of investment return was 6.75% a year compounded yearly (net after expenses). This assumption is used to make money payable at one point in time equal in value to a different amount of money payable at another point in time. This assumption was first used for the December 31, 2021 valuation.

The assumed real return for funding purposes is the rate of return in excess of average salary increases.

The mortality tables

- **Healthy Pre-Retirement:** The Pub-2010 Amount-Weighted, Public Safety, Employee, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019 on a fully generational basis.
- **Healthy Post-Retirement:** The Pub-2010 Amount-Weighted, Public Safety, Healthy Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019 on a fully generational basis.
- **Disability Retirement:** The Pub-2010 Amount-Weighted, Public Safety, Disabled Retiree, Male and Female, with a base year of 2010 and future mortality improvements projected using scale MP-2019 on a fully generational basis.

The following sample rates are based on the Healthy Post-Retirement tables:

Sample Ages in 2024	Value at Retirement of \$1 Monthly for Life		Future Life Expectancy (Years)*	
	Men	Women	Men	Women
50	\$159.79	\$162.17	35.94	37.94
55	151.72	154.77	30.86	32.82
60	141.47	145.57	25.96	27.90
65	129.01	134.33	21.32	23.22
70	114.15	120.64	16.99	18.80
75	97.02	104.53	13.03	14.69
80	78.49	86.75	9.57	11.05

* Applicable to the year ended December 31, 2024. Life expectancy in future years is based on the MP-2019 projection scale.

These rates were first used for the December 31, 2020 valuation.

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement		Retirement	
Ages	Percent	Ages	Percent
50	30%	60	50%
51	30%	61	60%
52	30%	62	70%
53	30%	63	80%
54	30%	64	90%
55	35%	65	100%
56	35%		
57	35%		
58	35%		
59	35%		

A Police member is eligible for retirement after both attaining age 50 and completing 10 or more years of service. Fire members are eligible after attaining age 55 with 10 or more years of service or at the age their service reaches the service credit limit. A 100% decrement pattern is applied to Firefighters once achieving 34 years of service regardless of age.

These rates were first used for the December 31, 2020 valuation.



Rates of separation from active membership were as follows:

(Rates do not apply to members eligible to retire and do not include separation on account of death or disability.) This assumption measures the probabilities of members remaining in employment. These rates were first used for the December 31, 2020 valuation.

Sample Ages	% of Active Members Separating Within Next Year	
	Police	Fire
25	3.45%	2.07%
30	2.85	1.71
35	1.95	1.17
40	1.35	0.81
45	1.05	0.63
50	0.90	0.54
55	0.90	0.54
60	0.90	0.54

The rates of disability were as follows:

Sample Ages	% of Active Members Becoming Disabled Within Next Year	
	Police	Fire
20	0.12%	0.12%
25	0.12	0.12
30	0.12	0.12
35	0.27	0.27
40	0.59	0.59
45	1.05	1.05
50	1.68	1.68
55	2.51	2.51
		Duty Related Non-Duty Related
Cause of Disability:	Male	75% 25%
	Female	75% 25%

These rates were first used for the December 31, 2015 valuation.

Summary of Assumptions Used

December 31, 2024

Miscellaneous and Technical Assumptions

Marriage Assumption. 90% of males and 90% of females are assumed to be married for purposes of death-in-service benefits.

Pay Increase Timing. Beginning of (Fiscal) year. Reported pays represent amounts paid to members during the year ended on the valuation date.

Decrement Timing. Decrements of all types are assumed to occur mid-year.

Eligibility Testing. Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

Benefit Service. Exact fractional service is used to determine the amount of benefit payable.

Decrement Relativity. Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

Liability Adjustments. Retirement present values were increased by 20.6% for police and 21.6% for fire to account for the FAS Adjustment Factor.

13th Check. A 7.5% load was placed on affected liabilities for members eligible to participate in the 13th Check program.

Service Purchase. An \$3.9 million liability was applied for the liability for service purchases.

Normal Form of Benefit. The assumed normal form of benefit is the straight life form.

Incidence of Contributions. Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.

New Benefit Multiplier. Benefits for new hires will be modeled using the 2.8% benefit multiplier for all future years of service until such time that they elect another benefit multiplier.

SECTION G

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 assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” 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 valuation, the expected rate of return on pension plan investments is 6.75%; the municipal bond rate is 4.08%; and the resulting SDR is 6.75%.

The tables in this section provide background for the development of the SDR. Note that these projections are specifically used to determine the GASB SDR and should not be interpreted as a funding projection or recommendation.

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 SDR. 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

Year	Contributions from Current		Administrative Expense		UAL	Total
	Employees	Normal Cost	Contributions	Contributions	Contributions	Contributions
2025	\$ 6,789,080	\$ 6,787,837	\$ -	\$ 13,165,899	\$ 26,742,817	
2026	6,784,964	6,811,839	-	12,376,865	25,973,668	
2027	6,742,503	6,795,211	-	12,992,946	26,530,660	
2028	6,644,873	6,727,045	-	13,396,323	26,768,241	
2029	6,531,189	6,635,377	-	13,619,438	26,786,003	
2030	6,442,471	6,560,123	-	13,870,770	26,873,364	
2031	6,376,109	6,497,767	-	14,170,742	27,044,618	
2032	6,307,289	6,420,751	-	14,507,561	27,235,601	
2033	6,189,880	6,277,128	-	14,916,777	27,383,785	
2034	6,058,026	6,110,029	-	15,342,781	27,510,836	
2035	5,929,718	5,950,452	-	15,803,064	27,683,234	
2036	5,783,802	5,765,693	-	16,277,156	27,826,651	
2037	5,615,069	5,545,778	-	16,765,471	27,926,318	
2038	5,422,958	5,308,441	-	17,268,435	27,999,834	
2039	5,248,329	5,094,011	-	17,786,488	28,128,829	
2040	5,059,492	4,866,930	-	18,320,083	28,246,505	
2041	4,808,254	4,581,146	-	18,869,685	28,259,085	
2042	4,507,554	4,245,275	-	19,435,776	28,188,604	
2043	4,184,043	3,899,879	-	20,018,849	28,102,771	
2044	3,776,866	3,490,458	-	20,619,414	27,886,739	
2045	3,331,272	3,041,038	-	21,237,997	27,610,306	
2046	2,952,482	2,651,287	-	10,709,977	16,313,746	
2047	2,608,959	2,306,872	-	10,486,134	15,401,964	
2048	2,259,880	1,973,547	-	10,209,453	14,442,880	
2049	1,894,535	1,631,228	-	8,049,709	11,575,472	
2050	1,539,206	1,305,768	-	7,131,109	9,976,083	
2051	1,215,608	1,017,458	-	5,094,125	7,327,191	
2052	946,819	781,382	-	3,723,623	5,451,823	
2053	718,630	586,639	-	394,388	1,699,657	
2054	529,043	427,065	-	1,154,676	2,110,783	
2055	395,167	314,511	-	-	709,678	
2056	291,217	228,185	-	-	519,401	
2057	156,249	120,679	-	-	276,928	
2058	57,610	44,055	-	-	101,665	
2059	36,232	27,524	-	-	63,756	
2060	22,146	16,655	-	-	38,800	
2061	12,810	9,470	-	-	22,280	
2062	6,878	4,971	-	-	11,850	
2063	3,278	2,302	-	-	5,580	
2064	1,302	909	-	-	2,211	
2065	421	284	-	-	705	
2066	104	61	-	-	164	
2067	17	10	-	-	27	
2068	1	-	-	-	1	
2069	-	-	-	-	-	
2070	-	-	-	-	-	
2071	-	-	-	-	-	
2072	-	-	-	-	-	
2073	-	-	-	-	-	
2074	-	-	-	-	-	

Single Discount Rate Development

Projection of Plan Fiduciary Net Position

Year	Projected Beginning Plan Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings at 6.75%	Projected Ending Plan Net Position
	(a)	(b)	(c)	(d)	(e)	(f)=(a)+(b)-(c)-(d)+(e)
2025	\$ 528,227,768	\$ 26,742,817	\$ 44,648,368	\$ 633,873	\$ 35,694,803	\$ 545,383,146
2026	545,383,146	25,973,668	45,913,346	654,460	36,805,846	561,594,854
2027	561,594,854	26,530,660	47,257,234	673,914	37,893,467	578,087,834
2028	578,087,834	26,768,241	48,906,729	693,705	38,979,660	594,235,300
2029	594,235,300	26,786,003	50,344,881	713,082	40,041,836	610,005,176
2030	610,005,176	26,873,364	51,524,187	732,006	41,088,975	625,711,322
2031	625,711,322	27,044,618	52,499,408	750,854	42,141,296	641,646,975
2032	641,646,975	27,235,601	53,358,344	769,976	43,213,900	657,968,156
2033	657,968,156	27,383,785	54,205,801	789,562	44,311,950	674,668,528
2034	674,668,528	27,510,836	54,850,122	809,602	45,442,093	691,961,733
2035	691,961,733	27,683,234	55,883,266	830,354	46,601,561	709,532,907
2036	709,532,907	27,826,651	56,774,842	851,439	47,783,862	727,517,139
2037	727,517,139	27,926,318	57,992,917	873,021	48,982,249	745,559,769
2038	745,559,769	27,999,834	58,768,899	894,672	50,198,457	764,094,490
2039	764,094,490	28,128,829	59,761,322	916,913	51,443,127	782,988,210
2040	782,988,210	28,246,505	60,866,513	939,586	52,708,341	802,136,957
2041	802,136,957	28,259,085	62,274,805	962,564	53,977,524	821,136,196
2042	821,136,196	28,188,604	63,761,633	985,363	55,231,071	839,808,874
2043	839,808,874	28,102,771	65,520,539	1,007,771	56,452,640	857,835,975
2044	857,835,975	27,886,739	67,893,967	1,029,403	57,605,135	874,404,479
2045	874,404,479	27,610,306	69,956,204	1,049,285	58,665,750	889,675,046
2046	889,675,046	16,313,746	71,527,816	1,067,610	59,287,628	892,680,994
2047	892,680,994	15,401,964	73,104,638	1,071,217	59,411,518	893,318,621
2048	893,318,621	14,442,880	74,563,705	1,071,982	59,375,043	891,500,856
2049	891,500,856	11,575,472	76,234,517	1,069,801	59,099,499	884,871,509
2050	884,871,509	9,976,083	77,459,011	1,061,846	58,550,313	874,877,048
2051	874,877,048	7,327,191	77,984,726	1,049,852	57,758,300	860,927,960
2052	860,927,960	5,451,823	78,448,829	1,033,114	56,722,329	843,620,171
2053	843,620,171	1,699,657	78,631,533	1,012,344	55,402,651	821,078,601
2054	821,078,601	2,110,783	78,374,347	985,294	53,876,232	797,705,975
2055	797,705,975	709,678	77,288,764	957,247	52,260,058	772,429,700
2056	772,429,700	519,401	76,349,108	926,916	50,548,456	746,221,534
2057	746,221,534	276,928	75,412,840	895,466	48,770,989	718,961,144
2058	718,961,144	101,665	73,572,171	862,753	46,953,489	691,581,375
2059	691,581,375	63,756	71,748,961	829,898	45,131,769	664,198,042
2060	664,198,042	38,800	69,876,847	797,038	43,311,858	636,874,815
2061	636,874,815	22,280	67,937,090	764,250	41,498,602	609,694,358
2062	609,694,358	11,850	65,944,329	731,633	39,697,116	582,727,361
2063	582,727,361	5,580	63,909,923	699,273	37,911,815	556,035,559
2064	556,035,559	2,211	61,836,445	667,243	36,146,813	529,680,896
2065	529,680,896	705	59,740,246	635,617	34,405,790	503,711,528
2066	503,711,528	164	57,629,661	604,454	32,691,745	478,169,322
2067	478,169,322	27	55,511,966	573,803	31,007,296	453,090,877
2068	453,090,877	1	53,394,492	543,709	29,354,704	428,507,381
2069	428,507,381	-	51,284,564	514,209	27,735,865	404,444,473
2070	404,444,473	-	49,188,982	485,333	26,152,314	380,922,472
2071	380,922,472	-	47,113,285	457,107	24,605,264	357,957,344
2072	357,957,344	-	45,061,347	429,549	23,095,682	335,562,129
2073	335,562,129	-	43,035,447	402,675	21,624,388	313,748,396
2074	313,748,396	-	41,036,263	376,498	20,192,155	292,527,791

Single Discount Rate Development

Present Values of Projected Benefit Payments

Year	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^((a)-.5)	(g)=(e)*vf ^((a)-.5)	(h)=(c)/((1+sdr)^(a-.5))
2025	\$ 528,227,768	\$ 44,648,368	\$ 44,648,368	\$ -	\$ 43,213,720	\$ -	\$ 43,213,720
2026	545,383,146	45,913,346	45,913,346	-	41,628,151	-	41,628,151
2027	561,594,854	47,257,234	47,257,234	-	40,137,340	-	40,137,340
2028	578,087,834	48,906,729	48,906,729	-	38,911,773	-	38,911,773
2029	594,235,300	50,344,881	50,344,881	-	37,523,198	-	37,523,198
2030	610,005,176	51,524,187	51,524,187	-	35,973,922	-	35,973,922
2031	625,711,322	52,499,408	52,499,408	-	34,337,065	-	34,337,065
2032	641,646,975	53,358,344	53,358,344	-	32,692,130	-	32,692,130
2033	657,968,156	54,205,801	54,205,801	-	31,111,343	-	31,111,343
2034	674,668,528	54,850,122	54,850,122	-	29,490,539	-	29,490,539
2035	691,961,733	55,883,266	55,883,266	-	28,146,150	-	28,146,150
2036	709,532,907	56,774,842	56,774,842	-	26,787,074	-	26,787,074
2037	727,517,139	57,992,917	57,992,917	-	25,631,641	-	25,631,641
2038	745,559,769	58,768,899	58,768,899	-	24,332,186	-	24,332,186
2039	764,094,490	59,761,322	59,761,322	-	23,178,530	-	23,178,530
2040	782,988,210	60,866,513	60,866,513	-	22,114,454	-	22,114,454
2041	802,136,957	62,274,805	62,274,805	-	21,195,433	-	21,195,433
2042	821,136,196	63,761,633	63,761,633	-	20,329,255	-	20,329,255
2043	839,808,874	65,520,539	65,520,539	-	19,569,134	-	19,569,134
2044	857,835,975	67,893,967	67,893,967	-	18,995,794	-	18,995,794
2045	874,404,479	69,956,204	69,956,204	-	18,335,157	-	18,335,157
2046	889,675,046	71,527,816	71,527,816	-	17,561,656	-	17,561,656
2047	892,680,994	73,104,638	73,104,638	-	16,813,865	-	16,813,865
2048	893,318,621	74,563,705	74,563,705	-	16,065,055	-	16,065,055
2049	891,500,856	76,234,517	76,234,517	-	15,386,453	-	15,386,453
2050	884,871,509	77,459,011	77,459,011	-	14,645,052	-	14,645,052
2051	874,877,048	77,984,726	77,984,726	-	13,812,129	-	13,812,129
2052	860,927,960	78,448,829	78,448,829	-	13,015,764	-	13,015,764
2053	843,620,171	78,631,533	78,631,533	-	12,221,149	-	12,221,149
2054	821,078,601	78,374,347	78,374,347	-	11,410,939	-	11,410,939
2055	797,705,975	77,288,764	77,288,764	-	10,541,342	-	10,541,342
2056	772,429,700	76,349,108	76,349,108	-	9,754,738	-	9,754,738
2057	746,221,534	75,412,840	75,412,840	-	9,025,870	-	9,025,870
2058	718,961,144	73,572,171	73,572,171	-	8,248,775	-	8,248,775
2059	691,581,375	71,748,961	71,748,961	-	7,535,700	-	7,535,700
2060	664,198,042	69,876,847	69,876,847	-	6,875,011	-	6,875,011
2061	636,874,815	67,937,090	67,937,090	-	6,261,512	-	6,261,512
2062	609,694,358	65,944,329	65,944,329	-	5,693,533	-	5,693,533
2063	582,727,361	63,909,923	63,909,923	-	5,168,979	-	5,168,979
2064	556,035,559	61,836,445	61,836,445	-	4,685,038	-	4,685,038
2065	529,680,896	59,740,246	59,740,246	-	4,240,018	-	4,240,018
2066	503,711,528	57,629,661	57,629,661	-	3,831,589	-	3,831,589
2067	478,169,322	55,511,966	55,511,966	-	3,457,415	-	3,457,415
2068	453,090,877	53,394,492	53,394,492	-	3,115,254	-	3,115,254
2069	428,507,381	51,284,564	51,284,564	-	2,802,953	-	2,802,953
2070	404,444,473	49,188,982	49,188,982	-	2,518,426	-	2,518,426
2071	380,922,472	47,113,285	47,113,285	-	2,259,627	-	2,259,627
2072	357,957,344	45,061,347	45,061,347	-	2,024,556	-	2,024,556
2073	335,562,129	43,035,447	43,035,447	-	1,811,273	-	1,811,273
2074	313,748,396	41,036,263	41,036,263	-	1,617,922	-	1,617,922

Single Discount Rate Development

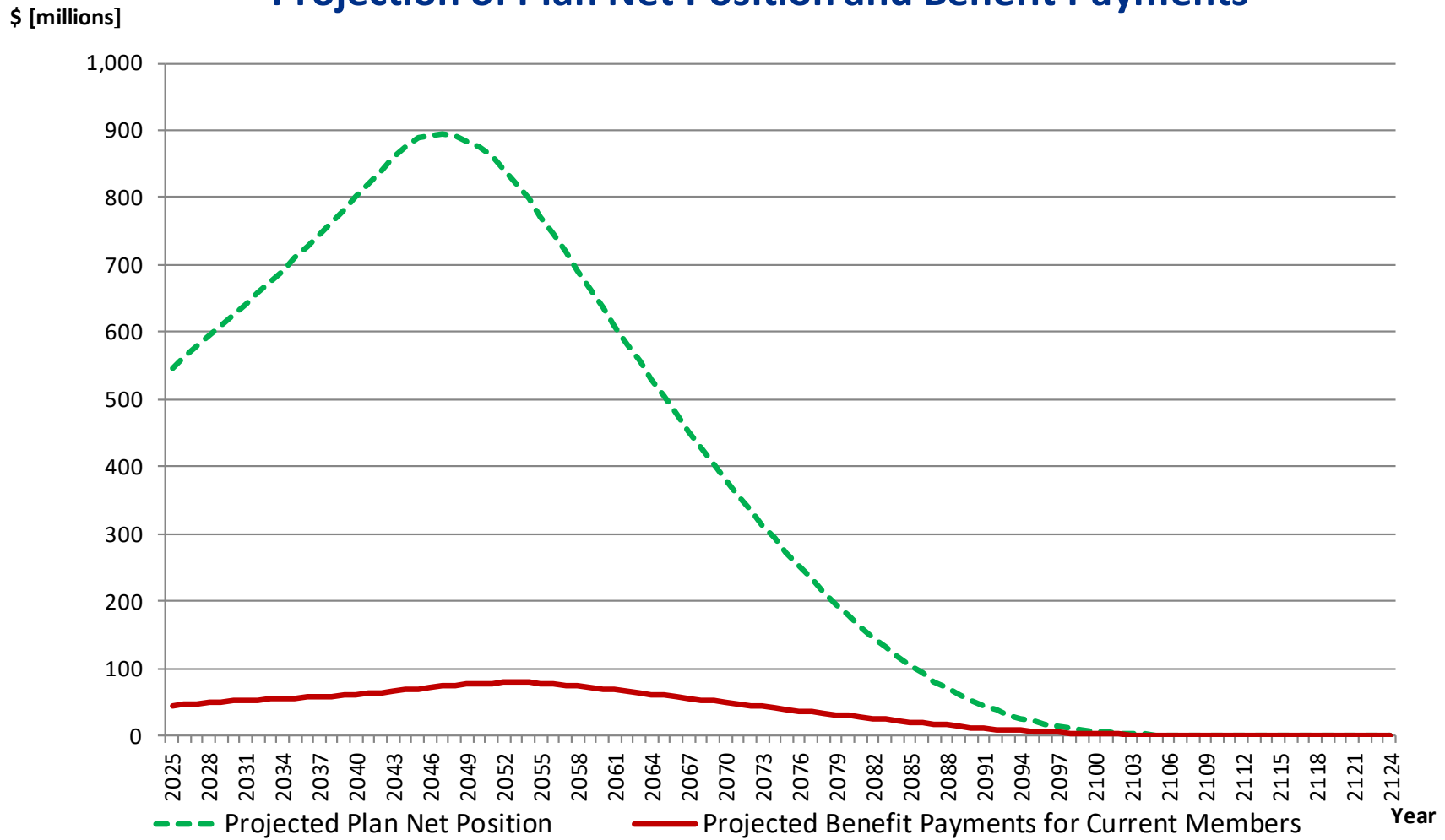
Present Values of Projected Benefit Payments

(Concluded)

Year	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 ^a ((a)-.5)	(g)=(e)*vf ^a ((a)-.5)	(h)=(c)/(1+sdr) ^a ((a)-.5)
2075	\$ 292,527,791	\$ 39,062,953	\$ 39,062,953	\$ -	\$ 1,442,736	\$ -	\$ 1,442,736
2076	271,913,615	37,113,497	37,113,497	-	1,284,062	-	1,284,062
2077	251,922,159	35,185,099	35,185,099	-	1,140,368	-	1,140,368
2078	232,573,699	33,274,920	33,274,920	-	1,010,265	-	1,010,265
2079	213,892,812	31,380,842	31,380,842	-	892,514	-	892,514
2080	195,907,925	29,501,788	29,501,788	-	786,015	-	786,015
2081	178,650,495	27,638,213	27,638,213	-	689,802	-	689,802
2082	162,153,632	25,792,744	25,792,744	-	603,037	-	603,037
2083	146,449,967	23,969,899	23,969,899	-	524,983	-	524,983
2084	131,569,666	22,175,324	22,175,324	-	454,968	-	454,968
2085	117,539,097	20,415,347	20,415,347	-	392,374	-	392,374
2086	104,379,872	18,696,367	18,696,367	-	336,614	-	336,614
2087	92,108,447	17,024,674	17,024,674	-	287,135	-	287,135
2088	80,735,892	15,407,088	15,407,088	-	243,422	-	243,422
2089	70,266,978	13,851,288	13,851,288	-	205,004	-	205,004
2090	60,698,864	12,364,917	12,364,917	-	171,433	-	171,433
2091	52,020,618	10,955,272	10,955,272	-	142,285	-	142,285
2092	44,213,034	9,629,341	9,629,341	-	117,156	-	117,156
2093	37,248,390	8,393,345	8,393,345	-	95,661	-	95,661
2094	31,090,661	7,251,957	7,251,957	-	77,426	-	77,426
2095	25,696,566	6,207,983	6,207,983	-	62,089	-	62,089
2096	21,017,003	5,262,429	5,262,429	-	49,304	-	49,304
2097	16,998,515	4,414,521	4,414,521	-	38,745	-	38,745
2098	13,584,837	3,662,192	3,662,192	-	30,109	-	30,109
2099	10,718,040	3,001,843	3,001,843	-	23,120	-	23,120
2100	8,340,007	2,428,505	2,428,505	-	17,521	-	17,521
2101	6,393,830	1,936,843	1,936,843	-	13,090	-	13,090
2102	4,824,269	1,521,155	1,521,155	-	9,631	-	9,631
2103	3,578,252	1,174,981	1,174,981	-	6,969	-	6,969
2104	2,605,795	891,341	891,341	-	4,952	-	4,952
2105	1,860,753	663,112	663,112	-	3,451	-	3,451
2106	1,301,228	483,111	483,111	-	2,355	-	2,355
2107	889,911	344,162	344,162	-	1,572	-	1,572
2108	594,392	239,350	239,350	-	1,024	-	1,024
2109	387,218	162,248	162,248	-	650	-	650
2110	245,721	107,034	107,034	-	402	-	402
2111	151,720	68,615	68,615	-	241	-	241
2112	91,068	42,690	42,690	-	141	-	141
2113	53,107	25,746	25,746	-	79	-	79
2114	30,092	15,042	15,042	-	43	-	43
2115	16,582	8,534	8,534	-	23	-	23
2116	8,884	4,714	4,714	-	12	-	12
2117	4,613	2,527	2,527	-	6	-	6
2118	2,313	1,308	1,308	-	3	-	3
2119	1,118	658	658	-	1	-	1
2120	514	322	322	-	1	-	1
2121	216	144	144	-	-	-	-
2122	82	60	60	-	-	-	-
2123	26	21	21	-	-	-	-
2124	6	6	6	-	-	-	-
Totals	\$ 857,198,375	\$ -	\$ 857,198,375	\$ -	\$ -	\$ -	\$ -



Projection of Plan Net Position and Benefit Payments



SECTION H

MICHIGAN PUBLIC ACT 202

State Reporting Assumptions as of June 30, 2025

The Protecting Local Government Retirement and Benefits Act, Michigan Public Act 202 of 2017 (PA 202), was put into law effective December 20, 2017. One outcome of the law is the requirement for the local unit of government to provide select reporting disclosures to the State. Section 5(1) of the Act provides the State treasurer with the authority to annually establish uniform actuarial assumptions for purposes of developing the requisite disclosures. Below you will find information which may be used to assist the local unit of government with required reporting.

Uniform Assumptions, as applicable to the measurement and the required disclosures under uniform assumptions, are denoted below. Additional discussion of the PA 202 and uniform assumptions may be found on the State website in the uniform assumption memo dated March 4, 2025.

Uniform Assumption	PA 202	Valuation Assumption Used	Uniform Assumption Used
Investment Rate of Return Discount Rate	Maximum of 7.00%^	6.75%	6.75%
Salary Increase	Minimum of 3.65% or based on experience study within last 5 years	3.0% + Merit and longevity (based on experience study dated July 27, 2020)	3.0% + Merit and longevity (based on experience study dated July 27, 2020)
Mortality	Version of Pub-2010 or based on experience study within last 5 years	Pub-2010 Mortality Tables	Pub-2010 Mortality Tables
Amortization of the Unfunded Accrued Actuarial Liability: Period	Maximum Period of 14 Years	21-30 years	14 years
Method	Closed Plans: Level Dollar Open Plans: Level Percent of Payroll or Level Dollar	Level Percent of Payroll	Level Percent of Payroll
Type	Closed	Closed	Closed

[^] A blended rate calculated using GASB Statement No. 68 methodology. For periods in which projected plan assets are sufficient to make projected benefit payments – maximum of 7.00%; for periods in which projected plan assets are NOT sufficient to make projected benefit payments – maximum of 3.93%.

State Reporting as of June 30, 2025

The following information has been prepared to provide some of the information necessary to complete the pension reporting requirements for the State of Michigan's Local Government Retirement System Annual Report (Form 5572). Additional resources are available on the State website.

Line	Descriptive Information	
23	Uniform Assumptions ¹	
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	\$535,138,614
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	\$714,339,670
26	Funded ratio using uniform assumptions	Auto ²
27	Actuarially Determined Contribution (ADC) using uniform assumptions ³	\$ 24,824,062
28	All systems combined ADC/Governmental fund revenues	Auto ²

¹ Information on lines 24-28 is based on assumptions listed on the prior page as of the most recent valuation date, December 31, 2024, after reflecting uniform assumptions.

² Automatically calculated by State of Michigan Form 5572.

³ For the fiscal year ending June 30, 2025.

SECTION I

GLOSSARY OF TERMS

Glossary of Terms

<i>Accrued Service</i>	Service credited under the system which was rendered before the date of the actuarial valuation.
<i>Actuarial Accrued Liability (AAL)</i>	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."
<i>Actuarial Assumptions</i>	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.
<i>Actuarial Cost Method</i>	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."
<i>Actuarial Equivalent</i>	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.
<i>Actuarial Gain (Loss)</i>	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.
<i>Actuarial Present Value (APV)</i>	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 payments at predetermined rates of interest and probabilities of payment.
<i>Actuarial Valuation</i>	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.
<i>Actuarial Valuation Date</i>	The date as of which an actuarial valuation is performed.
<i>Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)</i>	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

<i>Amortization Method</i>	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).
<i>Amortization Payment</i>	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
<i>Cost-of-Living Adjustments</i>	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
<i>Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (cost-sharing pension plan)</i>	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.
<i>Covered-Employee Payroll</i>	The payroll of covered employees, which is typically only the pensionable pay and does not include pay above any pay cap.
<i>Deferred Retirement Option Program (DROP)</i>	A program that permits a plan member to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The plan member continues to provide service to the employer and is paid for the service by the employer after the DROP entry date; however, the pensions that would have been paid to the plan member are credited to an individual member account within the defined benefit pension plan until the end of the DROP period. Other variations for DROP exist and will be more fully detailed in the plan provision section of the valuation report.
<i>Deferred Inflows and Outflows</i>	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.
<i>Discount Rate</i>	<p>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:</p> <ol style="list-style-type: none">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; and2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.

Glossary of Terms

<i>Entry Age Actuarial Cost Method (EAN)</i>	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.
<i>Fiduciary Net Position</i>	The fiduciary net position is the value of the assets of the trust.
<i>GASB</i>	The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.
<i>Long-Term Expected Rate of Return</i>	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.
<i>Money-Weighted Rate of Return</i>	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.
<i>Multiple-Employer Defined Benefit Pension Plan</i>	A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
<i>Municipal Bond Rate</i>	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.
<i>Net Pension Liability (NPL)</i>	The NPL is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan.
<i>Non-Employer Contribution Entities</i>	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 statement plan, members are not considered non-employer contribution entities.
<i>Normal Cost</i>	The actuarial present value of the pension trust benefits allocated to the current year by the actuarial cost method.

Glossary of Terms

<i>Other Postemployment Benefits (OPEB)</i>	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.
<i>Real Rate of Return</i>	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
<i>Service Cost</i>	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
<i>Total Pension Expense</i>	<p>The total pension expense is the sum of the following items that are recognized at the end of the employer's fiscal year:</p> <ol style="list-style-type: none">1. Service Cost2. Interest on the Total Pension Liability3. Current-Period Benefit Changes4. Employee Contributions (made negative for addition here)5. Projected Earnings on Plan Investments (made negative for addition here)6. Pension Plan Administrative Expense7. Other Changes in Plan Fiduciary Net Position8. Recognition of Outflow (Inflow) of Resources due to Liabilities9. Recognition of Outflow (Inflow) of Resources due to Assets
<i>Total Pension Liability (TPL)</i>	The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	The UAAL is the difference between actuarial accrued liability and valuation assets.
<i>Valuation Assets</i>	The valuation assets are the assets used in determining the unfunded liability of the plan. For purposes of the GASB Statement No. 67, the valuation asset is equal to the market value of assets.