

City of Hannibal Policemen and Firemen Retirement Fund

Actuarial Valuation as of July 1, 2025



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October 31, 2025

Board of Trustees
Hannibal Policemen and Fireman Retirement Fund

Dear Trustees:

An actuarial valuation of the City of Hannibal Policemen and Firemen Retirement Fund (hereinafter, the Plan) was performed as of July 1, 2025. The purpose of the valuation is to:

- Compare the current value of Trust assets with accrued liabilities to assess the funded condition of the Plan,
- Compute the City's recommended contribution rate for the Fiscal Year beginning July 1, 2025, and
- Provide information which may be required by the City's auditors under Governmental Accounting Standards.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. The employee data was provided by the Plan Administrator. Plan asset data was provided by the City of Hannibal. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. We found the information provided by the City staff to be reasonably consistent and comparable to information received for prior years' valuations. Valuation results are dependent upon the accuracy and integrity of the input data. If the data provided is subsequently found to be incorrect or incomplete, this valuation may need to be revised. Demographic data is snapshot data as of the valuation date.

The valuation was based on the provisions of the Plan as amended through the beginning of the Plan Year. Each actuarial assumption used in this valuation is reasonably related to the past experience of the Plan and represents reasonable expectations of future experience under the Plan. Actual future costs of the Plan will vary from those presented in this report to the extent that actual plan experience differs from that projected and assumed. The Trustees, with advice and approval of the actuary, set the assumptions and methods for the valuation.

The valuation calculations presented in this report have been made on a basis consistent with our understanding of the Plan's funding requirements and policies as well as the Governmental Accounting Standard Board Statement 67. Valuations and calculations for other purposes may differ significantly from the results contained in this report.



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MCG uses third-party software to calculate the actuarial liabilities and normal costs, as well as projection of benefit payouts and other items set forth in this report. The software is specifically designed for the purpose of performing pension valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses in the software, and our work follows Actuarial Standard of Practice 56 regarding the use of modeling software.

The consultants who worked on this assignment are pension actuaries. Advice from MCG Consulting Group is not intended to be a substitute for legal or accounting expertise. To the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained in this report. We are available to answer any questions on the information contained in this report or to provide explanations or further details as needed.

Neither the signing actuary nor the firm of MCG Consulting Group has a conflict of interest that would impair the objectivity of our work. This report is intended for use by the Plan Trustees and should not be used for any purpose other than as stated herein. This report is only valid when presented in its entirety. It must not be reproduced without permission.

Respectfully submitted,

Traci Miller Christian, EA, MAAA, FCA, MSEA

John J. Naylor IV, ASA, MAAA

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Section One:

Valuation Summary

Liabilities and Funded Condition of Pension Plan

	<u>July 1, 2024</u>	<u>July 1, 2025</u>
Actuarial Accrued Liability	\$37,817,338	\$38,764,110
Actuarial Value of Assets	\$26,864,341	\$28,599,447
Funded Status of the Plan	71.0%	73.8%

Actuarial Value of Assets

The City Contribution Rate is computed based on Market Value of Assets.

City Computed Contribution Rate

The City’s recommended contribution rate was computed as a percentage of active member payroll and assumed to be payable mid-year.

	<u>July 1, 2024</u>	<u>July 1, 2025</u>
Normal Cost (Net of Employee Contr.)	.7%	.5%
Amortization of Unfunded Liability	28.3%	28.5%
Interest	1.0%	1.0%
Total Computed Contribution	30.0%	30.0%
Anticipated tax-based portion	9.2%	9.6%
City’s Net Computed Contribution Rate	20.8%	20.4%

The plan document (Sec. 2.01) requires the City to contribute no less as a percent of pay than was required in the prior year until the plan reaches a funded status of at least 80%.

Therefore, the recommended City contribution percentage is equal to the prior year’s contribution percentage, which in total remains 37.2% of covered pay, and subtracting the anticipated tax-based contribution becomes 28.0% of pay.

Pension Fund Experience

The Plan’s annualized investment return over the year preceding the valuation was 11.2%, producing a gain of \$1,090,566 compared to our assumption that the assets will return 7.0%. A loss in the measurement of liabilities partially offset the asset gains, making the net actuarial gain \$291,072.

Benefit Provision Changes

The Plan was amended in April of 2025 to clarify the benefits awarded to Police or Fire Chiefs. No cost change was associated with this change. There were no other changes to plan provisions from the prior valuation.

Assumption and Method Changes

The Mortality tables was updated from Public Safety 2010 to Public Safety 2016 mortality. This change reduced the measurement of the actuarial liability by \$66,048. There were no other assumption or method changes from the prior valuation.

Participant Data

	<u>July 1, 2024</u>	<u>July 1, 2025</u>
Active Members	69	66
Active Member Payroll	\$3,950,114	\$3,981,726
Average Member Payroll	57,248	60,329
Retirees and Beneficiaries	69	74
Annual Pensions	\$2,091,398	\$2,276,029
Disabled Retirees	7	7
Annual Pensions	\$76,030	\$73,800
Vested Terminated	1	2
Deferred Annual Pensions	\$26,228	\$48,351

Financial Data

Market Value	\$26,864,341	\$28,599,447
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Conclusion and Comments

Since the 2011-12 fiscal year, the city has consistently contributed in excess of the recommended contribution, and the funded ratio of the plan has gradually increased. Asset gains from the prior year caused the funded ratio to increase to 73.8%. The plan document requires contributions to remain at a level percentage of covered compensation until the plan reaches a funded ratio of 80%.



Section Two:

***Actuarial Calculations –
Funding***

Actuarial Accrued Liability and Funded Status

	<u>July 1, 2024</u>	<u>July 1, 2025</u>
Active Member Contributions	\$ 4,448,726	\$ 4,078,319
Retirees and Beneficiaries	23,947,493	26,147,554
Disabled Members	709,619	682,001
Terminated Vested Members	181,872	286,580
Active Members (employer-financed portion)	<u>8,529,628</u>	<u>7,569,656</u>
Actuarial Accrued Liability	\$37,817,338	\$38,764,110
Actuarial Value of Assets	<u>(26,864,341)</u>	<u>(28,599,447)</u>
Unfunded Actuarial Accrued liability	\$10,952,997	\$10,164,663
Funded Status of the Plan	71.0%	73.8%

Computed Contribution Rates

The contribution rates shown below are expressed as percentages of active member payroll (under Normal Retirement Age.).

The normal cost can be viewed as the cost of current year benefit accruals.

The unfunded actuarial liability is amortized as a level percent of payroll in layers. Each year’s assumption changes, plan changes, and actuarial gains or losses are amortized over a fixed number of years. The amortization of the layers of unfunded liability are the largest part of the recommended contribution.

Contribution Recommendation for Fiscal Year Beginning July 1, 2025:

	<u>Dollar Amount</u>	<u>As a Percent Of Current Payroll</u>
Normal Cost (Net of Employee Contributions)	\$20,639	0.5%
Amortization of Unfunded Liability	1,134,691	28.5%
Interest to Middle of Fiscal Year	40,437	1.0%
Total Computed Contribution	1,195,767	30.0%
Anticipated tax-based portion	(384,500)	(9.6)%
City’s Net Computed Contribution Rate	\$811,267	20.4%

The plan document requires the City to contribute no less as a percent of pay than was required in the prior year until the plan reaches a funded status of at least 80%. Under that rule, **the total contribution is \$1,482,397 (37.2% of payroll), and the city’s net contribution after anticipated tax revenues is \$1,114,883 (28.0% of payroll).**

Funded Status

	<u>July 1, 2024</u>	<u>July 1, 2025</u>
Actuarial Accrued Liability	\$37,817,338	\$38,764,110
Market Value of Assets	\$26,864,341	\$28,599,447
Unfunded Actuarial Accrued liability	\$10,952,997	\$10,164,663
 Funded Status of the Plan	 71.0%	 73.8%

13th Check Analysis

Section 10.01 of the Plan provides that, “The Board of Trustees, in its discretion, may authorize the ad hoc payment of an additional benefit check (the "13th Check") ...”

This section sets the following conditions relative to the Board’s discretion:

Conditions: In no event shall a 13th Check be authorized by the Board of Trustees for any Plan Year unless all of the following conditions are satisfied, as determined by an actuarial study:

- (1) The funded status of the Plan as of July 1 of the Plan Year for which the 13th Check is made is at least seventy percent (70%); and
- (2) The funded status of the Plan as of July 1 of the Plan Year for which the 13th Check is made, taking into account the proposed 13th Check, is at least equal to the funded status of the Plan as of July 1 of the previous Plan Year; and
- (3) The investment gains on the assets of the Plan for the Plan Year for which the 13th Check is made are at least equal to the estimated cost of the proposed 13th Check. For this purpose, "investment gains" means increases on the investments of the Plan, such as dividends, interest, and realized and unrealized gains, for the Plan Year which are in excess of the assumed rate of investment return for the Plan Year.

The conditions above are satisfied for the current Plan Year.

20 Year Projection of Contributions, Assets, Liabilities, and Funding Status

Year	Total Normal Cost	Employer Normal Cost	Amortization	Recommended City Contribution	Expected City Contribution	Payroll	Recommended Contribution as a % of Payroll	Expected Benefit Payments	Market Value of Assets	Accrued Liability	Unfunded Liability	Funded Ratio
2025	617,898	20,639	1,134,691	1,195,767	1,482,397	3,981,726	30.0%	2,632,753	28,599,447	38,764,110	10,164,663	73.8%
2026	639,524	21,361	1,174,403	1,237,616	1,534,280	4,121,086	30.0%	2,696,449	29,410,789	39,072,858	9,662,069	75.3%
2027	661,908	22,109	1,215,507	1,280,933	1,587,980	4,265,324	30.0%	2,784,572	30,266,700	39,348,503	9,081,803	76.9%
2028	685,075	22,883	1,258,050	1,325,765	1,643,560	4,414,611	30.0%	2,866,106	31,146,897	39,563,833	8,416,936	78.7%
2029	709,052	23,684	1,302,082	1,372,167	1,372,167	4,569,122	30.0%	2,899,611	32,061,844	39,721,852	7,660,008	80.7%
2030	733,869	24,513	1,586,822	1,667,732	1,667,732	4,729,041	35.3%	2,930,333	32,725,269	39,528,251	6,802,982	82.8%
2031	759,554	25,371	1,642,361	1,726,102	1,726,102	4,894,558	35.3%	2,945,987	33,709,245	39,290,538	5,581,292	85.8%
2032	786,139	26,259	1,699,844	1,786,516	1,786,516	5,065,867	35.3%	3,025,726	34,806,312	39,020,969	4,214,656	89.2%
2033	813,654	27,178	1,759,338	1,849,044	1,849,044	5,243,173	35.3%	3,012,383	35,960,172	38,651,021	2,690,850	93.0%
2034	842,132	28,129	1,820,915	1,913,761	1,913,761	5,426,684	35.3%	3,015,710	37,273,328	38,270,045	996,717	97.4%
2035	871,606	29,113	-	30,132	30,132	5,616,618	0.5%	3,003,719	38,741,943	37,860,051	(881,892)	102.3%
2036	902,112	30,132	-	31,187	31,187	5,813,199	0.5%	3,005,076	38,376,217	37,184,438	(1,191,779)	103.2%
2037	933,686	31,187	-	32,279	32,279	6,016,661	0.5%	2,934,524	37,984,578	36,821,974	(1,162,604)	103.2%
2038	966,365	32,279	-	33,408	33,408	6,227,245	0.5%	2,915,680	37,639,674	36,489,247	(1,150,427)	103.2%
2039	1,000,188	33,408	-	34,578	34,578	6,445,198	0.5%	2,893,543	37,291,300	36,341,182	(950,118)	102.6%
2040	1,035,195	34,578	-	35,788	35,788	6,670,780	0.5%	2,915,073	36,942,662	36,116,618	(826,044)	102.3%
2041	1,071,427	35,788	-	37,040	37,040	6,904,257	0.5%	2,954,546	36,548,588	35,987,535	(561,053)	101.6%
2042	1,108,926	37,040	-	38,337	38,337	7,145,906	0.5%	2,971,964	36,087,371	35,611,739	(475,633)	101.3%
2043	1,147,739	38,337	-	39,679	39,679	7,396,013	0.5%	2,985,451	35,577,183	35,355,816	(221,367)	100.6%
2044	1,187,910	39,679	-	41,067	41,067	7,654,873	0.5%	3,014,071	35,018,712	34,972,560	(46,152)	100.1%
2045	1,229,487	41,067	-	42,505	42,505	7,922,794	0.5%	3,052,687	34,392,963	34,392,963	-	100.0%

The results presented here are ESTIMATES. They are based on the data, assumptions, methods and plan provisions outlined in this report.

These projections assume the recommended contribution will be made each year..

These results are for **discussion purposes only** and should not be relied upon for purposes of making cash contributions to the Plan nor for any other purposes.

Schedule of Amortization of Unfunded Liability**Amortization of Historical Components of the Unfunded Actuarial Liability**

Description	Initial Amount	Remaining Period	Outstanding Balance*	Payment This Year
7/1/15 UAL	\$ 12,313,620	10	\$ 10,134,012	\$ 1,171,648
7/1/16 Change Mortality	454,449	11	390,617	41,704
7/1/16 Change Interest Rate	1,710,990	11	1,470,658	157,014
7/1/16 Actuarial Loss	411,553	11	353,743	37,767
7/1/17 Mortality Update	(324,627)	12	(289,576)	(28,785)
7/1/17 Actuarial Loss	233,630	12	208,392	20,715
7/1/17 Change Disability Benefits	(69,318)	12	(61,831)	(6,146)
7/1/18 Actuarial Gain	(318,346)	13	(292,651)	(27,272)
7/1/18 Mortality Update	(45,868)	13	(42,168)	(3,930)
7/1/18 Change COLA Assumption	1,648,108	13	1,515,076	141,187
7/1/19 Actuarial Gain	(698,227)	14	(657,667)	(57,792)
7/1/20 Actuarial Loss	540,333	15	518,862	43,211
7/1/20 Plan Amdt. – remove COLA	(1,466,508)	5	(943,116)	(201,373)
7/1/20 New Mortality Table	145,723	15	139,932	11,653
7/1/20 New Retirement Rates	667,905	15	641,361	53,412
7/1/20 Begin Asset Smoothing	(477,905)	15	(458,912)	(38,218)
7/1/21 Actuarial Gain	(1,374,587)	16	(1,339,818)	(106,209)
7/1/21 Assumption Update	(86,505)	16	(84,317)	(6,684)
7/1/22 Change to Market Value	1,043,091	17	1,028,063	77,870
7/1/22 Actuarial Loss	(26,686)	17	26,301	1,992
7/1/22 Assumption Update	35,943	17	35,426	2,683
7/1/23 Actuarial Gain	(745,721)	18	(740,683)	(53,788)
7/1/24 Assumption Update	(188,072)	19	(187,688)	(13,107)
7/1/24 Actuarial Gain	(843,960)	19	(842,233)	(58,815)
7/1/25 Assumption Update	(66,048)	20	(66,048)	(4,447)
7/1/25 Actuarial Gain	(291,072)	20	(291,072)	(19,599)
Total			\$ 10,164,663	\$ 1,134,691

*The total of the outstanding balances equals the current Unfunded Actuarial Liability.

Amounts are amortized as a level percent of pay, so will increase each year by the salary scale, currently 3.5%. If interest rate or salary scale should change, the bases will be recalibrated to be fully amortized over the remaining period.

Recommended City Contributions

Valuation Date: July 1	Computed City Dollar Contributions	Percent of Payroll
2010	1,179,620	34.0
2011	921,124	28.3
2012	1,010,251	30.2
2013	994,809	29.2
2014	984,663	29.1
2015	1,066,446	29.4
2016	1,193,766	34.8
2017	1,201,580	33.4
2018	1,321,254	37.2
2019	1,283,839	34.4
2020	1,214,588	33.6
2021	1,141,792	31.5
2022	1,242,941	35.7
2023	1,238,383	34.9
2024	1,186,331	30.0
2025	1,195,767	30.0

The plan document stipulates that the City’s contribution as a percentage of pay cannot be less in any year than it was in the prior year until such time as the plan reaches a funded status of at least 80%. The contribution calculated in 2018, 37.2% of pay, is the effective minimum contribution required. Contributions displayed in 2019 and later are the calculated recommended contributions, calculated as if there were not a minimum contribution requirement.

History of Assets and Accrued Liabilities

Valuation Date June 30:	Valuation Assets	Actuarial Accrued Liabilities	Funded Ratio	Unfunded Actuarial Accrued Liabilities
2013	12,616,812	24,262,236	52.0	11,645,424
2014	15,099,174	26,309,676	57.4	11,210,502
2015	15,285,088	27,598,708	55.4	12,313,620
2016	15,628,079	30,515,641*	51.2	14,887,562
2017	16,613,574	31,277,416	53.1	14,663,842
2018	17,666,036	33,507,585	52.7	15,841,549
2019	18,566,496	33,553,926	55.3	14,987,430
2020	19,544,755**	33,732,093	57.9	14,187,338
2021	21,926,843	34,461,689	63.6	12,534,846
2022	21,982,401***	35,379,702	62.1	13,397,301
2023	23,942,187	36,291,985	66.0	12,349,798
2024	26,864,341	37,817,338	71.0	10,952,997
2025	28,599,447	38,764,110	73.8	10,164,663

* Interest rate decreased from 7.5% to 7.0%, and generational mortality was first used in 2016.

** Four-year asset smoothing was introduced in 2020.

***Four-year asset smoothing ended in 2022 and Market Value of Assets is now used.

History of Asset Returns

Year Ended June 30	Market Rate of Investment Return
2011	19.6%
2012	3.3%
2013	9.4%
2014	17.9%
2015	1.4%
2016	1.7%
2017	9.7%
2018	7.8%
2019	5.6%
2020	3.6%
2021	37.1%
2022	(12.5)%
2023	11.4%
2024	12.7%
2025	11.2%

Valuation History

2025

The Plan was amended in April of 2025 to clarify the benefits awarded to Police or Fire Chiefs. No cost change was associated with this change. The assets of the Plan returned 11.2%. The funded status of Plan increased to 73.8%. The Plan satisfied the conditions required for issuing a 13th check to retirees having been in pay status for 12 months.

2024

The assets of the Plan returned 12.7%. The funded status of Plan increased to 71.0%. The Plan satisfied the conditions required for issuing a 13th check to retirees having been in pay status for 12 months.

2022

The Board voted to change the Actuarial Value of Assets from the 4-year smoothing method back to Market Value of Assets.

2020

Four-year asset smoothing was introduced to mitigate asset volatility. As a result of a May 2020 Experience Study, the retirement assumption was updated. The plan's COLA provision was removed by plan amendment, which also added a 13th check provision to the Plan, but it is not possible for the board to grant this ad hoc benefit before the plan is 70% funded.

2019

Actuarial gains would have produced a lower city contribution than was made in the prior year, but the board resolution from 2011 (see below), mandates that city contributions not decrease as a percent of participant compensation. Therefore, the city's recommended contribution remains at 37.2% of pay.

2018

The recent history of granting cost of living adjustments (COLAs) in three of the past four years warranted changing the COLA assumption from 0.25% to 0.75% per year. This change added \$1,648,108 to the Actuarial Accrued Liability.

2017

An amendment to disability benefits was adopted, providing pre-retirement disability benefits through group disability insurance purchased by the plan.

2016

The board decreased the interest rate from 7.5% to 7.0%. Employee contributions from 7/1/2016 to 6/30/2017 are 12.5%. Employee contributions will increase 0.5% per year until they reach a total of 15%.

2015

As a result of a May 2015 experience study, the salary scale was revised from 4.0% to 3.5%.

2011

Employee contributions increased from 9.5% of pay to 12%. Also included in the 2011 board resolution was a stipulation that the City's contribution cannot be less in any year than it was in the year before until such time as the plan reaches a funded status of at least 80%.



Section Three:

***Retirement Plan
Benefit Provisions***

Benefit Provision Summary

Effective Date

July 18, 1973

Eligibility

All employees of the City of Hannibal police or fire departments who contribute to the Plan.

Compensation

Compensation includes base wages for purposes of calculating the annual retirement benefit.

Credited Service

Exact service measured from the date of employment.

Normal Retirement Age

Members hired prior to July 1, 2007 attain Normal Retirement Age upon completion of 25 years of Credited Service.

Members hired on or after July 1, 2007 attain Normal Retirement Age upon attainment of Age 55 and completion of 25 years of Credited Service.

Normal Retirement Benefit

At Normal Retirement, a Member is eligible for a monthly benefit equal to one-twelfth of 65% of highest annual compensation in the last five years of employment.

Postponed Retirement

A Member hired after July 17, 1973, with more than 25 years of Credited Service is Eligible for the Normal Retirement Benefit plus an additional 1% for each year in excess Of 25; total maximum of 70%.

Early Retirement

For those Members hired prior to July 1, 2007, any Member, who has at least 20 years of Service, but not 25, is entitled to a benefit payable immediately equal to 55% of Average Monthly Compensation. An additional 2% is added for each full year of service between 20 and 25 years of service.

For those Members hired on or after July 1, 2007, any Member who has at least 20 years of service, but not 25, is entitled to a benefit when he or she reaches age 55, equal to 55% of Average Monthly Compensation. An additional 2% is added for each full year of service between 20 and 25 years of service.

Normal Form of Benefit

The Normal Form is a Life Annuity for unmarried participants. Married participants receive a fully subsidized Joint and 100% to Survivor Annuity.

Refund of Employee Contributions

Members hired prior to July 1, 2005 who reach Early, Normal or a Postponed Retirement Receive all his or her employee contributions, without interest.

Disability Retirement

Members with 5 or more, and less than 10, years of service will receive one-twelfth of 20% of the Member's highest annual gross compensation in the last five years of employment plus 5% for each unmarried dependent child. If the disability was duty-related, the benefit is 55% of the average monthly salary for the twelve months preceding the disability retirement.

Members with 10 or more years of service will receive one-twelfth of 55% of the Member's highest annual gross compensation in the last five years of employment.

Pre-retirement disability benefits are provided through a group disability insurance policy purchased by the plan.

Pre-Retirement Death Benefit

The spouse (or dependent children) of a Member with 10 or more years of service is entitled to the retirement benefit the Member could have received if active or is receiving if retired. If a Member has 10 to 20 years of service, the benefit for the spouse is 2.5% times years of service.

Termination

Refund of Member's contributions without interest. If a Member has between 12 and 20 years of service, they can choose to forgo a refund of contributions and receive a monthly Benefit equal to 2.5% times service times salary at termination. The monthly benefit is payable at age 55.

Member Contributions

15% of compensation.

City Contributions

The actuarial recommended contribution, but not less (as a percent of payroll) than the prior year's contribution if the plan is less than 80% funded.



Section Four:

***Actuarial Assumptions
And Methods***

Actuarial Assumptions

Economic Assumptions

- (i) Interest Rate 7.0%, net of administration expenses paid by the Trust. The inflation component of this rate is 2.5%.

- (ii) Salary Increases 3.5%

Demographic Assumptions

- (i) Mortality Public Safety 2016 (formerly 2010) Bottom Quartile tables for employees and annuitants, projected with generational improvements using the most recently available projection scale (MP-2024).

For disabled annuitants, the post-retirement Mortality Tables are set forward seven years.

- (ii) Sample Rates of Termination of Employment Select and ultimate table, with 20% in the first year, 15% in the second year, 10% in the third year, then ultimate rates based on age. Sample rates are as follows:

Age	Annual Rates of Termination
25	10.0%
30	7.5
35	5.0
40	4.0
45	2.0
50	1.0

(iii) Disability

Sample disability rates are as follows:

Age	Annual Rates of Disability
25	0.18%
30	0.18
40	0.30
50	0.79
55	1.35
60	2.00

(iv) Retirement

For participants hired prior to July 1, 2007, the rate is 50% in the first year of retirement eligibility (20 years of Service). After the first year of eligibility, the rates are 15% until age 55, 30% from ages 56-59, and 100% at ages 60 and above.

For participants hired on or after July 1, 2007, the rate is 30% per year from eligibility to age 59, and 100% for ages 60 and older.

(v) Marital Status

80% of participants are assumed to be married with males 3 years older than their female spouses.

Experience Study and Assumption Review

Demographic and economic experience studies and assumption reviews are recommended about every 5 years. Periodic studies and reviews help to ensure that the assumptions used in the valuation are based on the best information we have available to us.

The last assumption review for this plan was done in May of 2020. We recommend a new experience study be conducted and reviewed prior to the next actuarial valuation.

Actuarial Methods Used for the Valuation

Normal Cost

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

- ❖ The annual normal costs for each individual active member, payable from date of hire to date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- ❖ Each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Financing of Unfunded Actuarial Accrued Liability

The excess of actuarial accrued liabilities over accrued assets is amortized in layers as a level percent-of-payroll assuming 3.5% annual salary increases. In each valuation, additional unfunded UAL is recognized due to changes in actuarial assumptions, actuarial methods, changes in plan provisions, and actuarial gains and losses, each to be amortized as a level percent of pay over a closed period. The amortizations of UAL amounts are added to the normal cost to arrive at the recommended contribution.

Active member payroll is assumed to increase at the salary increase rate for the purpose of determining amortization of the UAL as a level percent-of-payroll.

Assessment and Disclosure of Risk

The Actuarial Standards of Practice require the plan's actuary to assess certain risks to the plan. Specifically, the impact of future events that may differ significantly from the assumptions used to produce the current actuarial valuation. The purpose of this information is to make the plan sponsor aware of such risks. For a more detailed analysis of any of these items, please contact our office.

Assumptions: Actuarial assumptions such as interest rates, rates of retirement and withdrawal as well as mortality tables used for calculating the actuarially recommended contribution are important factors. Each actuarial assumption used in this valuation is reasonably related to the past experience of the Plan and represents reasonable expectations of future experience under the Plan. With advice from the actuary, the trustees approve the assumptions for the valuation. When actual plan experience deviates from what is expected, the resulting gain or loss is amortized over future years and becomes part of the recommended contribution. If there is a decrease in the assumed future return on plan investments, the overall funding requirement, barring other mitigating circumstances, will increase. Updates to mortality tables often extend life expectancies, which also results in an increase to plan liabilities.

Contribution Risk: Funding less than the actuarially recommended contribution will not typically fully fund the Plan on a long-term basis. If the Plan is underfunded, additional contributions may be required.

Investment Risk: Plan assets include contributions and asset earnings. The Plan's investment portfolio should take into consideration the funded status of the Plan, anticipated future contribution levels, and the expected future years of the Plan. Investment performance may have a significant impact on future required contributions to fully fund the Plan on a long-term basis.

Demographic Risk: Demographic changes from year to year can have a significant impact on valuation results.

Low-Default-Risk Obligation Measure

Recently promulgated Actuarial Standards of Practice recommend that we inform you of the liability that would be measured using a discount rate based on the yields of low-default-risk fixed income securities, effectively immunizing the investments from default risk.

The FTSE Pension Liability Index represents the single discount rate that would produce the same present value as would investments in a standardized set of AA-rated zero-coupon bonds whose maturities range from 6 months to 30 years. As of the valuation date, the indexed yield is 5.58%, and the plan's liability measured at this low-default-risk discount rate, is \$45,728,308.



Section Five:
Valuation Data

Summary of Asset Information Submitted for the Valuation

Statement of Assets

As of July 1, 2025, the net market value of Pension Plan assets was reported to be \$28,599,447.

Market Value of Assets as of July 1, 2024	\$26,864,341
a. Revenues	
(i) Employer Contributions	\$1,211,134
(ii) Employee Contributions	641,315
(iii) Tax Receipts	414,911
(iv) Investment Income (Net of investment fees)	2,929,274
(v) Total Income	5,196,634
b. Disbursement to Members	
(i) Benefits Paid	\$2,263,792
(ii) Employee Contribution Refunds	1,135,442
(iii) Expenses (Administrative)	62,294
(iv) Total Disbursements	3,461,528
c. Change in Market Value (a.(v) – b.(iii))	1,735,106
Market Value of Assets as of July 1, 2025	\$28,599,447

Actuarial Value of Assets

The market value of assets was used for this valuation.

Participant Summary

Retirees and Beneficiaries Included in the Valuation

There were 60 retirees and 14 beneficiaries included in the valuation, with annual pensions totaling \$2,276,029. The breakdown by age division is as follows:

Beneficiaries

Age	Number	Average Annual Pensions
50-54		
55-59	1	\$63,646
60-64	1	32,899
65-69	2	29,111
70-74	1	14,316
75-79	3	17,164
Over 80	6	21,099
Total	14	\$24,798

Retirees

Age	Number	Average Annual Pensions
Under 40		
40-44	2	\$35,520
45-49	4	33,416
50-54	11	35,091
55-59	5	37,344
60-64	10	36,960
65-69	11	29,216
70-74	8	24,037
75-79	4	38,004
Over 80	5	23,229
Total	60	\$32,148

There were 7 Disabled participants included in the valuation, with annual pensions totaling \$73,800. The breakdown by age division is as follows:

Disabled Retirees

Age	Number	Average Annual Pensions
Under 40		
40-44		
45-49		
50-54		
55-59	1	\$9,762
60-64		
65-69		
70-74		
75-79	1	13,159
Over 80	5	10,176
Total	7	\$10,543

There were 2 Vested Terminated participants included in the valuation, with an annual pensions totaling \$48,351. The breakdown by age division is as follows:

Vested Terminated

Age	Number	Average Annual Pensions
Under 40	1	\$22,123
40-44		
45-49	1	26,228
50-54		
55-59		
60-64		
65-69		
70-74		
75-79		
Over 80		
Total	2	\$24,176

Active Members – Age and Service Distribution

Age	Service							Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	Over 30	
0 - 19	1							1
20 - 24	8							8
25 - 29	7	2						9
30 - 34	10	1	2					13
35 - 39	5	4	4	1				14
40 - 44	1			6				7
45 - 49				4	1	3		8
50 - 54				3	1	1	1	6
55 - 59								
60+	—	—	—	—	—	—	—	—
Total	32	7	6	14	2	4	1	66

Active Participant Information

	2023	2024	2025
Active Members	69	69	66
Valuation Payroll	3,549,769	3,950,114	3,981,726
Average Compensation	\$51,446	\$57,248	\$60,329
Average Age (yrs.)	36.9	37.0	36.0
Average Service (yrs.)	10.1	10.3	9.3

Reconciliation with Prior Year

	Actives	Retirees & Beneficiaries	Disabled Retirees	Vested Terminations
July 1, 2024 Participants	69	69	7	1
Corrections				
New Participants	12			
Returned to Active				
Retirements	(5)	5		
Deaths		(1)		
New Beneficiaries		1		
Benefits Expire				
Terminations				
- Vested	(1)			1
- Non-Vested				
- Lump-Sums	(9)			
July 1, 2025 Participants	66	74	7	2



Section Six:

Accounting Disclosures

Long-term Expected Rates of Return

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	75%	8.6%
Fixed Income	25%	2.3%

Expected returns based on the Grinold-Kroner model provided by the plan's investment advisor, Meritage Portfolio Management, weighted by the target allocation produce an expected long-term return of 7.025%.

Schedule of Total Pension Liability, Fiduciary Net Position, and Net Pension Liability

Actuarial Valuation Date, July 1	Fiduciary Net Position (FNP) (a)	Total Pension Liability (TPL) (b)	Net Pension Liability (b)-(a)	FNP as a Percent of TPL (a)/(b)	Annual Covered Payroll (c)	NPL as a Percentage of Covered Payroll ((b-a)/c)
2015	15,285	27,599	12,314	55.4%	3,630	339.3%
2016	15,628	30,516	14,888	51.2%	3,426	434.6%
2017	16,614	31,277	14,664	53.1%	3,599	407.5%
2018	17,666	33,508	15,842	52.7%	3,549	446.4%
2019	18,566	33,554	14,987	55.3%	3,733	401.5%
2020	19,067	33,732	14,665	56.5%	3,612	406.1%
2021	25,883	34,462	8,579	75.1%	3,622	236.8%
2022	21,982	35,379	13,397	62.1%	3,479	385.1%
2023	23,942	36,292	12,350	66.0%	3,550	347.9%
2024	26,864	37,817	10,953	71.0%	3,950	277.3%
2025	28,599	38,764	10,165	73.8%	3,982	255.3%

Dollar amounts in thousands.

Ten-Year Schedule of Employer Contributions

Year Ending June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	984,663	1,183,568	(198,905)	3,389,458	34.92%
2016	1,066,446	1,264,977	(198,531)	3,629,583	34.85%
2017	1,193,766	1,276,452	(82,686)	3,425,821	37.26%
2018	1,201,580	1,298,013	(96,433)	3,598,561	36.07%
2019	1,321,254	1,364,514	(43,260)	3,548,574	38.45%
2020	1,283,839	1,424,566	(140,727)	3,733,069	38.16%
2021	1,214,588	1,492,927	(278,339)	3,611,556	41.34%
2022	1,141,792	1,520,789	(378,997)	3,622,338	41.98%
2023	1,242,941	1,482,564	(239,623)	3,478,954	42.62%
2024	1,238,383	1,585,373	(346,990)	3,549,769	44.66%
2025	1,186,331	1,626,045	(439,714)	3,950,114	41.16%

Pension Expense for Year Ended June 30, 2025

Service cost	\$ 619,176
Interest on the total pension liability	2,571,583
Employee contributions	(641,315)
Projected earnings on pension plan investments	(1,838,708)
Pension plan administrative expense	62,294
Outflows / (inflows) of resources recognized in the current year due to	
Difference between expected and actual experience	656,588
Changes of assumptions	69,913
Difference between projected and actual earnings on plan investments	(825,881)
Pension expense	<u>\$ 673,650</u>

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 6/30/24	\$ 37,817,338	\$ 26,864,341	\$ 10,952,997
Changes for the year			
Service cost	619,176		619,176
Interest	2,571,583		2,571,583
Difference between expected and actual experience	1,155,247		1,155,247
Change of mortality tables			
Contributions - employer		1,626,045	(1,626,045)
Contributions - employee		641,315	(641,315)
Net investment income		2,929,274	(2,929,274)
Benefit payments, including refunds of contributions	(3,399,234)	(3,399,234)	
Administrative expense		(62,294)	62,294
Net changes	946,772	1,735,106	(788,334)
Balances at 6/30/25	\$ 38,764,110	\$ 28,599,447	\$ 10,164,663

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	Current Single Discount Rate		
	1% Decrease 6.0%	Assumption 7.0%	1% Increase 8.0%
Total Pension Liability	\$ 43,455,858	\$ 38,764,110	\$ 34,897,419
Plan Fiduciary Net Position	28,599,447	28,599,447	28,599,447
Net Pension Liability / (Asset)	\$ 14,856,411	\$ 10,164,663	\$ 6,297,972

Statement of Outflows and Inflows Arising During the Current Period

1. Difference between expected and actual experience of the TPL (gains) / losses	\$ 1,155,247
2. Assumption Changes	0
3. Recognition period: Average of the expected remaining service lives of all plan participants (in years)	4.79
4. Difference between expected and actual return on plan investments	(1,090,566)
5. Outflow (Inflow) of Resources to be recognized in the current pension expense:	
a. for the difference between expected and actual experience of the TPL, (1) / (3)	241,179
b. for assumption changes, (2) / (3)	0
c. for the difference between expected and actual return on plan investments, (4) / 5	(218,113)

Deferred Outflows and Deferred Inflows of Resources to be Recognized in Future Years

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,628,044	--
Changes in Assumptions	--	--
Net difference between projected and actual earnings on pension plan investments	--	1,077,644
Total	\$ 1,628,044	\$ 1,077,644

Year Ending June 30	Net Deferred Outflows of Resources
2026	\$ 934,622
2027	(218,891)
2028	(137,748)
2029	(27,583)
2030	--
Thereafter	--
Total	\$ 550,400



Section Seven:

Glossary of Terms

Glossary of Terms

Accrued Benefit

The benefit earned by a participant payable in the form of a monthly benefit commencing at normal retirement age.

Actuarial Accrued Liability

The actuarial present value of benefits earned as of the valuation date.

Actuarial Gain or Loss

The difference between the plan's actual experience and expected experience based on the actuarial assumptions used in the valuation.

Actuarial Value of Assets

The value of assets as determined by the actuary for the purpose of the valuation. This may or may not include a method of smoothing investment gains and losses over time.

Amortization

The spreading of liabilities or costs over a period of years. A plan's unfunded actuarial accrued liability is amortized over a period of years.

Entry Age Normal Actuarial Cost Method

An actuarial method for determining the annual normal cost and the actuarial accrued liability of a pension plan. Under this method, the annual normal cost is the level amount that would have to be contributed each year from the time each employee entered employment so that his pension will be fully funded by his assumed retirement age.

Normal Cost

That portion of the actuarial present value of plan benefits and expenses allocated to the valuation year.

Present Value

The value of a benefit payment or series of benefit payments determined as of the valuation date by the application of a particular set of actuarial assumptions. It is the single sum which reflects the time value of money (through discounts for investment yield) and the probabilities of payment (taking into account death, disability, withdrawal and age at retirement).

Unfunded Actuarial Accrued Liability

The excess of the actuarial accrued liability over the actuarial value of assets.

Vested Benefit

A benefit that is not forfeited if the participant leaves employment.