

The Water and Power Employees' Retirement Plan of the City of Los Angeles

**Governmental Accounting Standards Board
Statement No. 74 (GASB 74) Actuarial Valuation for the
Death Benefit Funds as of June 30, 2025**

- Family Death Benefit Allowance Fund
- Supplemental Family Death Benefit Allowance Fund
- Insured Lives Portion of the Death Benefit Fund



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September 23, 2025

Board of Administration
The Water and Power Employees' Retirement Plan of the City of Los Angeles
111 North Hope Street, Room 357
Los Angeles, CA 90012

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 74 (GASB 74) Actuarial Valuation as of June 30, 2025 for the Water and Power Employees' Retirement Plan of the City of Los Angeles ("WPERP") Death Benefit Funds ("the Fund" or "the Plan"). It contains various information that will need to be disclosed in order to comply with GASB 74.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Administration (the Board), based upon information provided by the Retirement Office.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Eva Yum, FSA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of WPERP and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

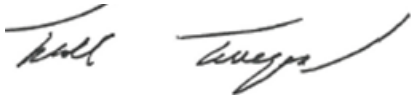
Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is

encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal

A handwritten signature in black ink, appearing to read "Todd Tauzer".

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

A handwritten signature in black ink, appearing to read "Eva Yum".

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 74 (GASB 74) as of June 30, 2025. This report is based on:

- The benefit provisions of the Death Benefit Fund, as administered by the Board;
- The characteristics of covered active, inactive, and retired members and beneficiaries as of March 31, 2025¹, provided by the Retirement Office;
- The assets of the Fund as of June 30, 2025, provided by the Retirement Office;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the July 1, 2025 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the July 1, 2025 valuation.

General observations on a GASB 74 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define OPEB liability and expense for financial reporting purposes, they do not apply to contribution amounts for OPEB funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as WPERP uses for funding. This means that the Total OPEB Liability (TOL) measure for financial reporting shown in this report is generally determined on the same basis as WPERP's Death Benefit actuarial accrued liability (AAL) measure for funding. We note that the same is generally true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.
3. The Net OPEB Liability (NOL) is equal to the difference between the TOL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NOL measure is very similar to an unfunded actuarial accrued liability (UAAL) on a market value basis.

¹ Data as of March 31, 2025 has been adjusted to June 30, 2025 by adding three months of age and service (for active members). For members in pay status, the retirement plan benefits have been increased by the actual July 1, 2025 COLA.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. The reporting date for the Plan is June 30, 2025 and the NOL was measured as of the same date. The TOL was determined based upon the actuarial valuation as of July 1, 2025 and Plan FNP was also valued as of the measurement date.
2. The NOL decreased from \$103.9 million as of June 30, 2024 to \$93.9 million as of June 30, 2025 primarily due to the employer contributions made during 2024-2025 to pay down the UAAL partially and the favorable investment return during the year ending June 30, 2025 (6.43% return which was higher than the assumed return of 2.75%). Changes in these values during the last two fiscal years can be found in *Section 2, Exhibit 3 - Schedule of changes in Net OPEB Liability* on page 17.
3. The discount rate used to measure the TOL and NOL as of June 30, 2025 was 2.75%. The detailed calculations used in the derivation of the 2.75% discount rate can be found in *Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2025	June 30, 2024
Disclosure elements		
Service cost ¹	\$6,985,472	\$6,256,775
Total OPEB Liability	162,240,426	160,164,758
Plan Fiduciary Net Position ²	68,304,203	56,291,656
Net OPEB Liability	93,936,223	103,873,102
Schedule of contributions		
Actuarially determined contributions ³	\$17,028,730	\$15,994,556
Actual contributions	17,224,920	16,471,934
Contribution deficiency / (excess)	(196,190)	(477,378)
Demographic data		
Number of retired members	8,027	7,958
Number of beneficiaries ⁴	75	76
Number of inactive members ⁵	533	559
Number of active members ⁶	11,955	11,485
Key assumptions		
Discount rate	2.75%	2.75%
Inflation rate	2.50%	2.50%
“Across-the-board” salary increase	0.50%	0.50%
Projected salary increases ⁷	4.25% to 10.00%	4.25% to 10.00%
Cost-of-living adjustments	Tier 1:	Tier 1:
	Tier 2:	Tier 2:

¹ The service cost is based on the previous year's valuation, meaning the service cost as of the June 30, 2025 and June 30, 2024 measurement dates are based on the valuations as of July 1, 2024 and July 1, 2023, respectively. Both service costs have been calculated using the assumptions shown in the Prior Year column, as there were no changes in the actuarial assumptions between the July 1, 2024 and July 1, 2023 valuations.

² Based on preliminary unaudited financial statements as of June 30, 2025.

³ Based on actual covered payroll reported by the Retirement Office.

⁴ Receiving Family Death or Supplemental Family Death benefits.

⁵ Includes members receiving Permanent Total Disability (PTD) benefits. Excludes terminated members with less than five years of service who are not eligible for death benefits.

⁶ Includes 1,583 and 1,564 active members who have Supplemental Family Death Benefit coverage for 2025 and 2024, respectively.

⁷ Includes inflation at 2.50% plus “across-the-board” salary increase of 0.50% plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by the Retirement Office. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	The valuation is based on the fair value of assets as of the measurement date, as provided by the Retirement Office.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments (if any). The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Actuarial models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. The discount rate used for calculating Total OPEB Liability is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If WPERP is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by WPERP upon delivery and review. WPERP should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 74 Information

General information about the OPEB plan

Plan administration

The Water and Power Employees' Retirement Plan of the City of Los Angeles (WPERP) was established by the Los Angeles Department of Water and Power in 1938. WPERP is a single employer public employee retirement system whose main function is to provide retirement benefits to employees of the Los Angeles Department of Water and Power.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and beneficiaries. The Board has seven members:

- One member of the Board of Water and Power Commissioners;
- The General Manager;
- The Chief Accounting Employee;
- Three employee members who are elected for three-year terms by active members of the Plan; and
- One retiree who is appointed by the Board of Water and Power Commissioners for a three-year term.

Section 2: GASB 74 Information

Plan membership

At June 30, 2025¹, Death Benefit Fund plan membership consisted of the following:

Membership	Count
Retired members currently receiving benefits from Retirement Plan	8,027
Beneficiaries currently receiving benefits from Death Benefit Fund	75
Inactive members ²	533
Active members	11,955
Total	20,590

Benefits provided

The WPERP Death Benefit Fund pays death benefits to the beneficiaries of eligible employees. Generally, to be eligible for the Family Death Benefit allowance, an employee must be a full member of WPERP and contributing to WPERP at the time of death. If death occurs after retirement, the retired member must be receiving a monthly retirement allowance from WPERP and had a least five years of Department Service at retirement. The Family Death Benefit program pays a monthly allowance of \$937 to the surviving spouse of a member with minor (or disabled) children plus \$937 for each minor (or disabled) child up to a maximum monthly allowance of \$2,187. In addition, the spouse's portion will not be paid if the spouse is receiving a Survivor's Optional Death Benefit Allowance or an Eligible Spouse Allowance from the Retirement Plan.

The Supplemental Family Death program is similar but is optional and subject to making additional member contributions. The Supplemental Family Death Benefit program pays a monthly allowance of \$520 for each surviving spouse or child, in addition to the amounts payable from the Family Death Benefit program, subject to a maximum of \$1,066 for the additional benefits.

The Insured Lives Death Benefit Fund for Contributing Members provides death benefits to employees that die while employed by the Department. Generally, to be eligible, an employee must be a full member of WPERP and contributing to WPERP at time of death. The benefit paid from the Death Benefit Fund is a single sum that is equal to 14 times the member's monthly compensation with no maximum.

¹ Data used is as of March 31, 2025, adjusted to June 30, 2025 by adding three months of age and service (for active members). For members in pay status, the retirement plan benefits have been increased by the actual July 1, 2025 COLA.

² Includes members receiving Permanent Total Disability (PTD) benefits. Excludes terminated members with less than five years of service who are not eligible for death benefits.

Section 2: GASB 74 Information

The Insured Lives Death Benefit Fund for Noncontributing Members provides death benefits to employees that were employed by the Department for at least five years and death occurred after retirement. The death benefit is paid in a single sum that is equal to the lesser of 14 times the member's Full Retirement Allowance or \$20,000.

Contributions

The LADWP contributes to the Death Benefit Fund based upon actuarially determined contribution rates adopted by the Board of Administration. Employer contribution rates are adopted annually based upon recommendations received from WPERP's actuary after the completion of the review of the death benefit fund. The employer and member contribution rates as of June 30, 2025 are as follows:

	Department Contributions	Active Member Contributions	Retired Member Contributions
Total Death Benefit Fund	1.12% of payroll		
• Family Death Benefit		N/A	N/A
• Supplemental Family Death Benefit		\$2.25 biweekly	\$4.90 monthly
• Insured Lives Contributing		\$1.00 biweekly	N/A
• Insured Lives Noncontributing		N/A	N/A

Section 2: GASB 74 Information

Exhibit 1 – Net OPEB Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2025	June 30, 2024
Components of the Net OPEB Liability		
Total OPEB Liability	\$162,240,426	\$160,164,758
Plan Fiduciary Net Position	(68,304,203)	(56,291,656)
Net OPEB Liability	\$93,936,223	\$103,873,102
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability ¹	42.10%	35.15%

The NOL for the Plan in this valuation was measured as of June 30, 2025. The Plan FNP was valued as of the measurement date and the TOL was determined based upon the results of the actuarial valuation as of July 1, 2025.

Plan provisions

The plan provisions used in the measurement of the NOL as of June 30, 2025 are the same as those described previously.

Actuarial assumptions

The TOL as of June 30, 2025 was determined by the actuarial valuations as of July 1, 2025. The actuarial assumptions used in the June 30, 2025 measurement was based on results of an experience study for the period from July 1, 2018 through June 30, 2021. They are the same as the assumptions used in the July 1, 2025 actuarial valuation for the Retirement Plan, with the exception of a 2.75% investment return assumption and additional assumptions regarding family composition for the Family Death Benefit and Supplemental Family Death Benefit. In particular, the following assumptions were applied to all periods included in the June 30, 2025 measurement:

¹ These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Section 2: GASB 74 Information

Assumption Type	Assumption
Investment rate of return	2.75%, net of investment expense, including inflation
Inflation rate	2.50%
“Across-the-board” salary increase	0.50%
Salary increases	4.25% to 10.00% The above salary increases vary by service and include inflation and “across-the-board” salary increase.
Cost-of-living adjustments	Tier 1: 2.75% Tier 2: 2.00%
Other assumptions	Same as those described in the Actuarial assumptions subsection in Section 2.

Section 2: GASB 74 Information

Exhibit 2 – Discount rate

Determination of discount rate and investment rates of return

The long-term expected rate of return on OPEB plan investments was determined in 2022 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation but before deducting investment expenses), are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of July 1, 2025. This information will be subject to change¹ based on the results of an actuarial experience study.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ²
Fixed income	100.00%	0.36%
Total	100.00%	0.36%

Discount rate

The discount rate used to measure the TOL was 2.75% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the required contribution rates.³ Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on the Death Benefit Fund's investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2025.

¹ Based on the City Charter, actuarial experience is reviewed at regular intervals not to exceed five years. The next experience study is scheduled to be performed in year 2026.

² Arithmetic real rates of return are net of inflation.

³ For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included.

Section 2: GASB 74 Information

Discount rate sensitivity

The following presents the NOL of the Plan as of June 30, 2025 calculated using the current discount rate of 2.75%, as well as what the Plan NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate.

Line Description	1% Decrease in Discount Rate (1.75%)	Current Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Net OPEB Liability	\$120,924,164	\$93,936,223	\$72,535,736

Trend rate sensitivity

Because there is no trend rate assumption used in valuing these benefits, the NOL is unaffected by any changes in trend rates.

Section 2: GASB 74 Information

Exhibit 3 – Schedule of changes in Net OPEB Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2025	June 30, 2024
Total OPEB Liability		
Service cost	\$6,985,472	\$6,256,775
Interest	4,465,641	4,317,791
Change of benefit terms	4,559	3,055,296
Differences between expected and actual experience	146,532	260,839
Changes of assumptions	0	0
Benefit payments	(9,526,536)	(8,959,480)
Net change in Total OPEB Liability	\$2,075,668	\$4,931,221
Total OPEB Liability – beginning	160,164,758	155,233,537
Total OPEB Liability — ending	\$162,240,426	\$160,164,758
Plan Fiduciary Net Position		
Contributions — employer ¹	\$19,635,914	\$18,629,896
Contributions — member	401,420	387,090
Net investment income	3,883,516	1,855,220
Benefit payments	(9,526,536)	(8,959,480)
Administrative expense	(2,381,767)	(2,154,708)
Net change in Plan Fiduciary Net Position	\$12,012,547	\$9,758,018
Plan Fiduciary Net Position — beginning	56,291,656	46,533,638
Plan Fiduciary Net Position — ending	\$68,304,203	\$56,291,656
Net OPEB Liability — ending	\$93,936,223	\$103,873,102
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	42.10%	35.15%
Covered payroll ²	\$1,520,422,314	\$1,403,031,222
Plan Net OPEB Liability as percentage of covered payroll	6.18%	7.40%

¹ Includes contributions towards administrative expenses.

² Covered payroll represents payroll on which contributions to the plan are based.

Section 2: GASB 74 Information

Notes to Schedule:

Benefit changes: The Board granted a one-time discretionary cost-of-living adjustment (COLA) for eligible Tier 2 payees effective July 1, 2025 under the Retirement Plan. This has an impact to certain Tier 2 noncontributing members' insured lives death benefit.

Section 2: GASB 74 Information

Exhibit 4 – Schedule of employer contributions

Year Ended June 30	Actuarially Determined Contributions ^{1,2}	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ³	Contributions as a Percentage of Covered Payroll
2016	\$7,206,780	\$7,206,780	\$0	\$861,818,854	0.84%
2017	7,137,953	7,137,953	0	892,332,196	0.80%
2018	7,137,211	7,137,211	0	953,635,670	0.75%
2019	7,259,955	7,259,955	0	1,028,212,002	0.71%
2020	13,334,780	13,299,775	35,005	1,130,066,141	1.18%
2021	12,565,096	12,898,727	(333,631)	1,121,883,556	1.15%
2022	13,075,979	13,133,730	(57,751)	1,178,016,102	1.11%
2023	15,236,875	14,631,549	605,326	1,259,245,870	1.16%
2024	15,994,556	16,471,934	(477,378)	1,403,031,222	1.17%
2025	17,028,730	17,224,920	(196,190)	1,520,422,314	1.13%

See accompanying notes to this schedule on next page.

¹ Excludes employer contributions towards administrative expenses.

² Starting in 2020, the actuarially determined contribution is determined based on actual covered payroll reported by the Retirement Office.

³ Covered payroll represents payroll on which contributions to the plan are based.

Section 2: GASB 74 Information

Methods and assumptions used to establish the actuarially determined contribution for the year ended June 30, 2025

Valuation date

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported (the July 1, 2024 valuation sets the rates for the 2024-2025 fiscal year).

Actuarial cost method

Entry Age Actuarial Cost Method

Amortization method

Level dollar amortization

Remaining amortization period

The July 1, 2019 UAAL is amortized over a fifteen-year period commencing July 1, 2019 (fully amortized as of July 1, 2034).

Any subsequent changes in UAAL are amortized over separate fifteen-year periods effective with that valuation.

The funding policy was revised and adopted by the Retirement Board on November 9, 2022. In particular, if the Plan is in a surplus position and the surplus is 20% or greater (i.e., the funded ratio is 120% or greater), the surplus in excess of 20% will be amortized over a 30-year period in equal dollar amounts. In a year where the Plan is in a surplus position following a previous unfunded liability position, or an unfunded liability position following a previous surplus position, the previous amortization layers will be considered fully amortized (i.e., set to zero) and a new series of amortization layers will start.

Asset valuation method

The actuarial value of assets is equal to the market value (or fair value) of assets less unrecognized returns from each of the last five years. The unrecognized return each year is equal to the difference between the actual and expected returns on the market value of assets, recognized over a five-year period.

Section 2: GASB 74 Information

Actuarial assumptions

The actuarially determined contribution for the year ended June 30, 2025 is based on the results of the WPERP July 1, 2024 Actuarial Valuation and Review for the Death Benefit Fund. The actuarial assumptions used in that valuation are as follows:

Assumption Type	Assumption Used in the July 1, 2024 Valuation		
Investment rate of return	2.75%, net of investment expenses, including inflation		
Inflation rate	2.50%		
"Across-the-board" salary increase	0.50%		
Salary increases	4.25% to 10.00% The above salary increases vary by service and include inflation and "across-the-board" salary increases.		
Cost-of-living adjustments	2.75%. Actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1 and a 2.00% maximum for Tier 2.		
Family composition at death for active members	Plan	Family Death Benefits	Supplemental Family Death Benefit
	Not married; no children	20%	0%
	Not married; one child	5%	15%
	Not married; 2+ children	7%	17%
	Married; no children	16%	0%
	Married; one child	15%	22%
	Married; 2+ children	30%	39%
	Married; one disabled child	7%	7%
	1st child's age	10	10
	2nd child's age	8	8
No benefits are assumed to be payable upon deaths of active members age 55 or over or deaths of inactive vested members (receiving a Permanent Total Disability benefit) or retirees at any age.			
Healthy child payments are assumed to end when the child reaches age 18.			
Disabled child payments are assumed to continue for life.			
Other assumptions	Same as those used in the actuarial valuation for the Retirement Plan as of July 1, 2024.		

Appendix A: Projection of Plan Fiduciary Net Position

Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2025

Year Beginning July 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Investment Earnings (d)	Ending Plan Fiduciary Net Position (a) + (b) – (c) + (d)
2025	\$68,304,203	\$17,929,214	\$8,576,482	\$2,006,966	\$79,663,901
2026	79,663,901	17,924,779	8,772,550	2,316,600	91,132,731
2027	91,132,731	17,831,435	8,944,441	2,628,346	102,648,070
2028	102,648,070	17,707,262	9,180,048	2,940,071	114,115,356
2029	114,115,356	17,567,416	9,385,434	3,250,675	125,548,012
2030	125,548,012	17,439,340	9,582,990	3,560,595	136,964,957
2031	136,964,957	17,298,987	9,808,598	3,869,529	148,324,876
2032	148,324,876	17,152,170	10,052,208	4,176,559	159,601,397
2033	159,601,397	16,992,026	10,224,255	4,482,095	170,851,264
2034	170,851,264	8,170,928	10,337,505	4,668,619	173,353,306
2035	173,353,306	8,211,336	10,437,334	4,736,608	175,863,917
2036	175,863,917	7,930,337	10,525,881	4,800,569	178,068,941
2037	178,068,941	6,099,704	10,596,705	4,835,062	178,407,003
2038	178,407,003	5,645,382	10,656,421	4,837,291	178,233,255
2039	178,233,255	4,978,277	10,662,238	4,823,260	177,372,554
2040	177,372,554	4,804,581	10,699,041	4,796,696	176,274,790
2041	176,274,790	4,646,314	10,730,554	4,763,898	174,954,448
2042	174,954,448	4,487,910	10,767,703	4,724,900	173,399,554
2043	173,399,554	4,329,426	10,794,685	4,679,590	171,613,885
2044	171,613,885	4,154,583	10,816,384	4,627,782	169,579,866
2045	169,579,866	3,949,324	10,805,968	4,569,167	167,292,389
2046	167,292,389	3,717,556	10,764,577	4,503,644	164,749,012
2047	164,749,012	3,458,963	10,688,797	4,431,188	161,950,366

Appendix A: Projection of Plan Fiduciary Net Position

Year Beginning July 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Investment Earnings (d)	Ending Plan Fiduciary Net Position (a) + (b) – (c) + (d)
2048	161,950,366	3,177,840	10,576,705	4,351,901	158,903,401
2049	158,903,401	2,879,726	10,424,720	4,266,100	155,624,507
2050	155,624,507	2,583,705	10,235,581	4,174,461	152,147,093
2051	152,147,093	2,291,032	10,021,603	4,077,750	148,494,273
2052	148,494,273	2,002,378	9,784,243	3,976,592	144,688,999
2053	144,688,999	1,715,109	9,523,092	3,871,588	140,752,604
2054	140,752,604	1,421,749	9,234,141	3,763,276	136,703,488
2055	136,703,488	1,161,962	8,911,424	3,652,791	132,606,818
2056	132,606,818	937,808	8,590,941	3,541,457	128,495,142
2057	128,495,142	749,580	8,278,783	3,430,090	124,396,029
2058	124,396,029	591,957	7,983,208	3,319,261	120,324,039
2059	120,324,039	461,301	7,700,788	3,209,368	116,293,920
2060	116,293,920	355,391	7,437,677	3,100,701	112,312,335
2061	112,312,335	270,517	7,193,883	2,993,393	108,382,362
2062	108,382,362	202,863	6,971,471	2,887,447	104,501,200
2063	104,501,200	149,726	6,768,889	2,782,770	100,664,807
2064	100,664,807	108,403	6,586,929	2,679,202	96,865,483
2065	96,865,483	76,536	6,422,473	2,576,544	93,096,090
2066	93,096,090	52,972	6,275,120	2,474,588	89,348,530
2067	89,348,530	35,881	6,142,783	2,373,115	85,614,743
2068	85,614,743	23,902	6,023,692	2,271,908	81,886,861
2069	81,886,861	15,558	5,914,915	2,170,773	78,158,277
2070	78,158,277	9,741	5,811,591	2,069,577	74,426,004
2071	74,426,004	5,866	5,712,055	1,968,255	70,688,070
2072	70,688,070	3,409	5,612,929	1,866,791	66,945,340
2073	66,945,340	1,926	5,511,159	1,765,245	63,201,352
2074	63,201,352	1,001	5,404,608	1,663,738	59,461,483
2075	59,461,483	485	5,290,641	1,562,451	55,733,778
2076	55,733,778	187	5,167,519	1,461,628	52,028,074
2077	52,028,074	60	5,033,993	1,361,555	48,355,695

Appendix A: Projection of Plan Fiduciary Net Position

Year Beginning July 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Investment Earnings (d)	Ending Plan Fiduciary Net Position (a) + (b) – (c) + (d)
2078	48,355,695	17	4,888,458	1,262,566	44,729,821
2079	44,729,821	2	4,729,763	1,165,036	41,165,096
2080	41,165,096	-	4,557,473	1,069,375	37,676,998
2081	37,676,998	-	4,371,033	976,016	34,281,981
2082	34,281,981	-	4,170,593	885,409	30,996,797
2083	30,996,797	-	3,956,609	798,009	27,838,198
2084	27,838,198	-	3,729,358	714,272	24,823,112
2085	24,823,112	-	3,490,506	634,641	21,967,247
2086	21,967,247	-	3,240,922	559,537	19,285,862
2087	19,285,862	-	2,983,036	489,344	16,792,171
2088	16,792,171	-	2,719,761	424,388	14,496,797
2089	14,496,797	-	2,454,056	364,919	12,407,661
2090	12,407,661	-	2,189,801	311,101	10,528,960
2091	10,528,960	-	1,930,633	263,000	8,861,327
2092	8,861,327	-	1,680,522	220,579	7,401,384
2093	7,401,384	-	1,443,244	183,693	6,141,834
2094	6,141,834	-	1,222,298	152,094	5,071,630
2095	5,071,630	-	1,019,709	125,449	4,177,370
2096	4,177,370	-	837,435	103,363	3,443,298
2097	3,443,298	-	676,404	85,390	2,852,284
2098	2,852,284	-	536,933	71,055	2,386,406
2099	2,386,406	-	418,670	59,869	2,027,605
2100	2,027,605	-	320,420	51,353	1,758,538
2101	1,758,538	-	240,497	45,053	1,563,094
2102	1,563,094	-	176,871	40,553	1,426,776
2103	1,426,776	-	127,335	37,485	1,336,926
2104	1,336,926	-	89,647	35,533	1,282,812
2105	1,282,812	-	61,654	34,430	1,255,588
2106	1,255,588	-	41,373	33,960	1,248,176
2107	1,248,176	-	27,058	33,953	1,255,070

Appendix A: Projection of Plan Fiduciary Net Position

Year Beginning July 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Investment Earnings (d)	Ending Plan Fiduciary Net Position (a) + (b) – (c) + (d)
2108	1,255,070	-	17,228	34,278	1,272,120
2109	1,272,120	-	10,666	34,837	1,296,291
2110	1,296,291	-	6,417	35,560	1,325,434
2111	1,325,434	-	3,747	36,398	1,358,085
2112	1,358,085	-	2,122	37,318	1,393,280
2113	1,393,280	-	1,167	38,299	1,430,413
2114	1,430,413	-	624	39,328	1,469,117
2115	1,469,117	-	326	40,396	1,509,187
2116	1,509,187	-	168	41,500	1,550,520
2117	1,550,520	-	82	42,638	1,593,075
2118	1,593,075	-	40	43,809	1,636,844
2119	1,636,844	-	20	45,013	1,681,837
2120	1,681,837	-	9	46,250	1,728,078
2121	1,728,078	-	4	47,522	1,775,596
2122	1,775,596	-	2	48,829	1,824,423 ¹

¹ The Plan FNP of \$1,824,423 has a value of \$127,793 as of June 30, 2025 when discounted with interest at the rate of 2.75% per annum.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

1. Amounts may not total exactly due to rounding.
2. Years beyond 2122 have been omitted from this table.
3. **Column (a):** Except for the “discounted value” for 2122 shown in the footnote on the previous page, none of the Plan FNP amounts shown have been adjusted for the time value of money.
4. **Column (b):** Projected total contributions include member and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2025); plus employer contributions to the UAAL based on the Plan's funding policy. For purposes of this illustration, we assume that the normal cost are contributed when the plan is projected to be in a surplus position. Contributions are assumed to occur halfway through the year, on average.
5. **Column (c):** Projected benefit payments have been determined in accordance with paragraphs 43-44 of GASB Statement No. 74, and are based on the closed group of active, inactive and retired members and beneficiaries as of June 30, 2025. The projected benefit payments reflect the cost-of-living increase assumptions used in the July 1, 2025 valuation report. Benefit payments are assumed to occur halfway through the year, on average.
6. **Column (d):** Projected investment earnings are based on the assumed investment rate of return of 2.75% per annum and reflect the assumed timing of cashflows, as noted above.
7. Throughout the projection, administrative expenses are not shown as they are expected to be offset by additional employer contributions above those shown in this projection.
8. As illustrated in this appendix, the Plan FNP was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected “cross-over date” when projected benefits are **not** covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 2.75% per annum was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2025 shown earlier in this report, pursuant to paragraph 48 of GASB Statement No. 74.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in GASB Statement No. 74. The terms may have different meanings in other contexts.

Term	Definition
Active employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual contributions	Cash contributions recognized as additions to the Plan Fiduciary Net Position.
Actuarial present value of projected benefit payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial valuation	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total OPEB Liability, and related actuarial present value of projected benefit payments for OPEB performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial valuation date	The date as of which an actuarial valuation is performed.
Actuarially determined contribution	A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad hoc cost-of-living adjustments (Ad Hoc COLAs)	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad hoc postemployment benefit changes	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Agent employer	An employer whose employees are provided with OPEBs through an agent multiple-employer defined benefit OPEB plan.
Agent multiple-employer defined benefit OPEB plan (agent OPEB plan)	A multiple-employer defined benefit OPEB plan in which OPEB plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
Automatic cost-of-living adjustments (Automatic COLAs)	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the OPEB plan) or to another variable (such as an increase in the consumer price index).
Automatic postemployment benefit changes	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the OPEB plan) or to another variable (such as an increase in the consumer price index).

Appendix B: Definition of Terms

Term	Definition
Closed period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Contributions	Additions to the Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government OPEB plan), or employees. Contributions can result from cash receipts by the OPEB plan or from recognition by the OPEB plan of a receivable from one of these sources.
Cost-of-living adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-sharing employer	An employer whose employees are provided with OPEB through a cost-sharing multiple-employer defined benefit OPEB plan.
Cost-sharing multiple employer defined benefit OPEB plan (Cost-sharing OPEB plan)	A multiple-employer defined benefit OPEB plan in which the OPEB obligations to the employees of more than one employer are pooled and OPEB plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.
Covered payroll	Payroll on which contributions to an OPEB plan are based.
Deferred retirement option program (DROP)	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the OPEB that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit OPEB plan until the end of the DROP period.
Defined benefit OPEB plans	OPEB plans that are used to provide defined benefit OPEB.
Defined benefit OPEB	OPEB for which the benefits that the plan member will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount; (b) an amount that is calculated based on one or more factors such as age, years of service, and compensation; or (c) a type or level of coverage such as prescription drug coverage or a percentage of health insurance premiums. (OPEB that does not meet the criteria of defined contribution OPEB is classified as a defined benefit OPEB for purposes of GASB Statement No. 74.)
Defined contribution OPEB plans	OPEB plans that are used to provide defined contribution OPEB.

Appendix B: Definition of Terms

Term	Definition
Defined contribution OPEBs	OPEBs having terms that: 1. Provide an individual account for each employee; 2. Define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and 3. Provide that the OPEB an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as OPEB plan administrative costs, that are allocated to the employee's account.
Discount rate	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 1. The actuarial present value of benefit payments projected to be made in future periods in which: a. The amount of the OPEB Plan Fiduciary Net Position is projected (under the requirements of GASB Statement No. 74) to be greater than the benefit payments that are projected to be made in that period, and b. OPEB plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on OPEB plan investments. 2. The actuarial present value of projected benefit payments not included in 1., calculated using the municipal bond rate.
Entry age actuarial cost method	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called 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 called the actuarial accrued liability.
Healthcare cost trend rates	The rate of change in per capita health costs over time.
Inactive employees	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Measurement period	The period between the prior and the current measurement dates.
Multiple-employer defined benefit OPEB plan	A defined benefit OPEB plan that is used to provide OPEB to the employees of more than one employer.
Net OPEB Liability (NOL)	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit OPEB plan.

Appendix B: Definition of Terms

Term	Definition
Non-employer contributing entities	Entities that make contributions to an OPEB plan that is used to provide OPEBs to the employees of other entities.
Other postemployment benefits (OPEB)	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 or termination payments for sick leave.
OPEB plans	Arrangements through which OPEB are determined, assets dedicated for OPEB are accumulated and managed, and benefits are paid as they come due.
Pension plan	An arrangement through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.
Plan Fiduciary Net Position	Market value of assets.
Plan members	Individuals that are covered under the terms of an OPEB plan. Plan members generally include: 1. Employees in active service (active plan members), and 2. Terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the OPEB of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, hearing, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more OPEB plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with OPEB through a single-employer defined benefit OPEB plan.
Single-employer defined benefit OPEB plan (Single-employer OPEB plan)	A defined benefit OPEB plan that is used to provide OPEB to employees of only one employer.

Appendix B: Definition of Terms

Term	Definition
Special funding situations	Circumstances in which a non-employer entity is legally responsible for making contributions directly to a OPEB plan that is used to provide OPEB to the employees of another entity or entities and either of the following conditions exists: 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to OPEB. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to an OPEB plan.
Termination benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total OPEB Liability (TOL)	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 74.

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