

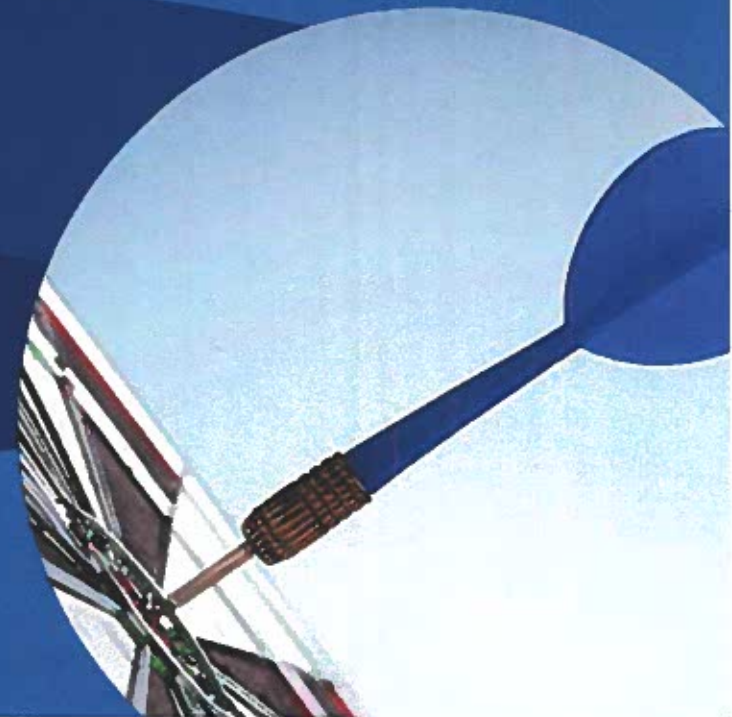


CITY OF LONGMONT General Employees' Retirement Plan

Preliminary Actuarial Valuation Results as of January 1, 2024

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Actuarial Valuation – Purpose

- Actuarial Valuation

- Prepared as of January 1, 2024

- Member data
- Financial data
- Benefit and contribution provisions
- Actuarial assumptions and methods

- Purposes:

- Measure the actuarial liabilities
- Determine adequacy of current contributions
- Provide other information for reporting for accounting and CAFR
- Explain changes in actuarial condition of the Plan



Member Statistics

- Average active member is around age 45 with 8 years of service and earns approximately \$90,500 annually
- Average retiree, beneficiary, and disabled member is around age 72 and receives a pension benefit of approximately \$24,400 annually

	2023	2024	Change
Active Members			
Count	753	798	6.0%
Average Age	44.7	44.5	(0.2)
Average Service	<u>8.6</u>	<u>8.3</u>	<u>(3.5)</u>
Average Hire Age	36.1	36.2	0.0
Payroll	\$63.4 million	\$72.2 million	13.9%
Average Pay	\$84,198	\$90,499	7.5%
Retirees, Beneficiaries and Disabled Members			
Count	464	490	5.6%
Average Age	71.8	72.3	1.01
Average Annual Benefit	\$24,547	\$24,384	(0.7)



Market Value of Assets (in millions)

- Return on market value of 15.3% (dollar-weighted rate of return)
- Contribution rates historically set at a level to at least meet the actuarially determined contribution.
 - Current employer contributions of 9.4% of pay
 - Tier 1 employee contributions of 7.0% of pay
 - Tier 2 employee contributions of 6.0% of pay

	2023*	2024*
Market Value Beginning of Year	\$211.5	\$180.0**
1. Contributions		
a. Contributions from Employer	\$5.1	\$7.2
b. Contributions from Plan Members	3.3	3.8
c. Total	\$8.4	\$11.0
2. Net Investment Income		
a. Interest and Dividends	\$1.4	\$4.4
b. Realized Gain and Unrealized Appreciation	(31.6)	21.3
c. Total	(30.2)	25.7
d. Investment Expenses	(0.2)	(0.2)
e. Net Investment Income	\$(30.4)	\$25.5
3. Benefit Payments and Refunds	\$(11.3)	\$(12.2)
4. Administrative Expenses	(0.1)	(0.1)
Market Value End of Year	\$178.1	\$204.2

*Numbers may not add due to rounding

**Adjusted for revised final assets.



Actuarial Value of Assets

- All actuarial calculations are based on actuarial value of assets, not market value
 - Actuarial value reflects 20% of the difference between last year's expected return on market and the actual return and includes application of the 80%/120% corridor
- Actuarial value of assets is now \$212.6 million, compared to \$197.9 million last year
- Return on Actuarial Value of Assets was 8.0% in calendar year 2023, compared to the 7.0% assumption, resulting in an investment return gain
- Deferred losses of \$8.4 million will contribute to increases to the future contribution requirements

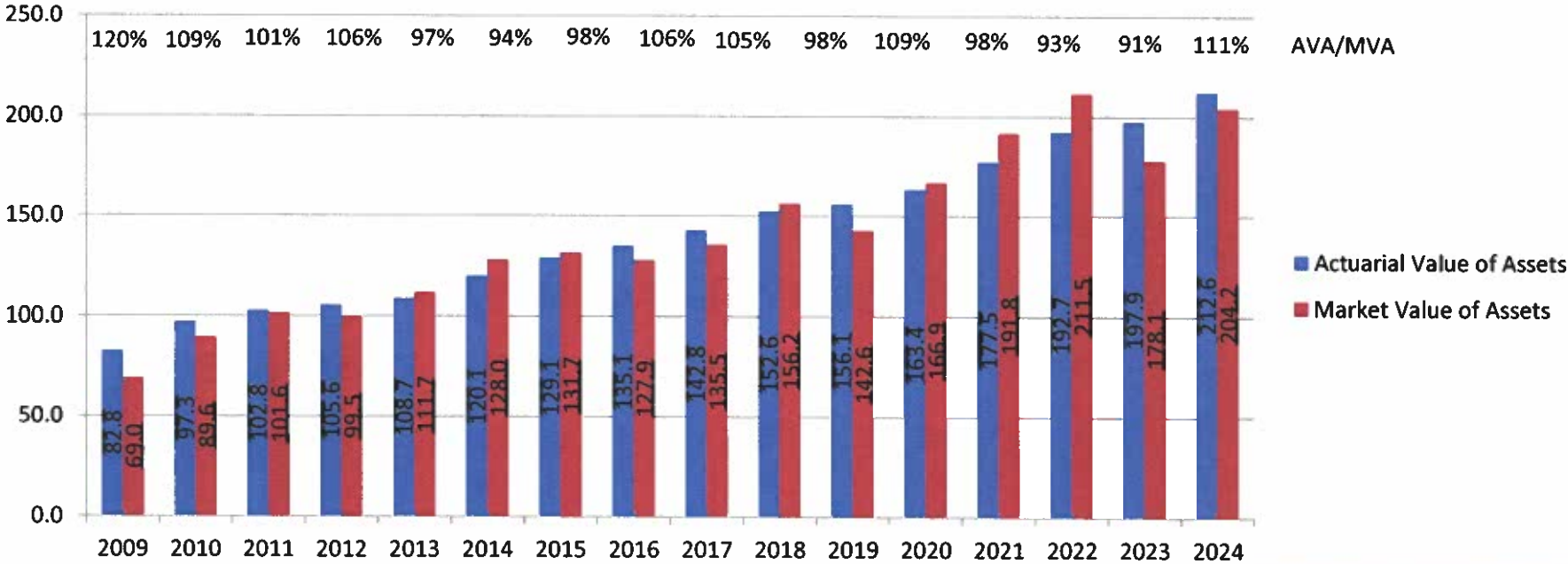
Actuarial Value of Assets:	\$212.6M
Deferred Losses:	<u>(8.4)M</u>
Market Value of Assets:	\$204.2M



Market and Actuarial Value of Assets

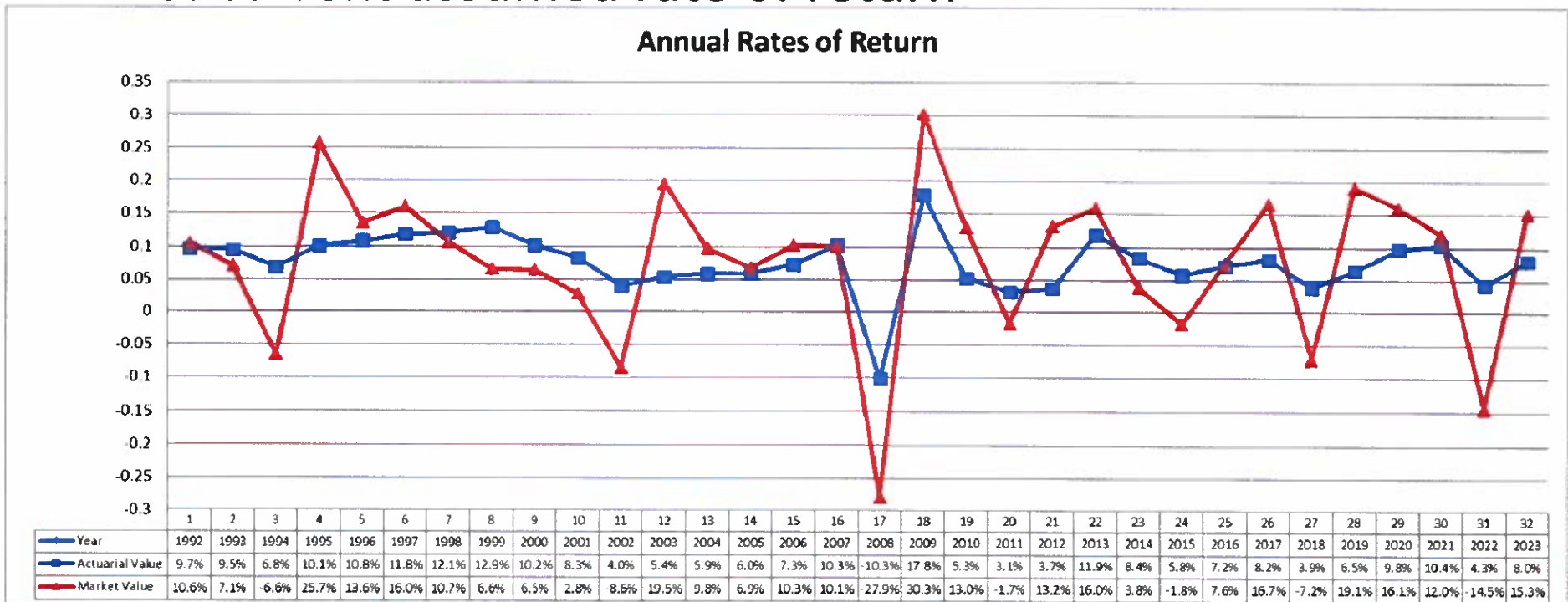
- Actuarial Value of Assets as a percent of Market Value of Assets shown at top of chart
- Actuarial value is 104% of fair market value in 2024; in 2009, it was 120% of fair market value
- \$8.4 million in deferred losses, not yet recognized in the actuarial value

Asset Values (in millions)



Average Annual Rates of Return

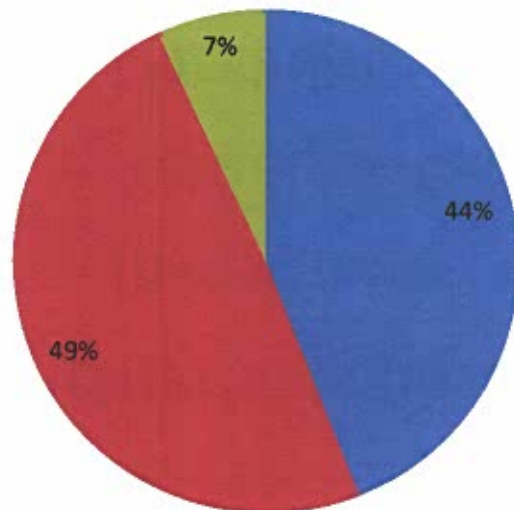
- Actuarial value smoothes market volatility
- 7.2% average return in market value since 1992
- 7.6% average return in actuarial value since 1992
- 7.0% current assumed rate of return



Actuarial Accrued Liability

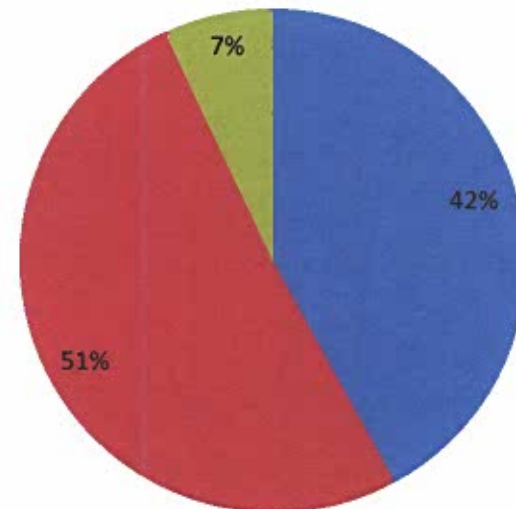
- Actuarial accrued liability increased from 2023 to 2024, growing more than expected
- Liability (gain)/losses
 - Total liability losses of approximately \$4.0 million of which, \$5.6 million came from higher than expected salary increases
- Plan member growth with more active liability as percent of total

2024 - \$254.3M



■ Active
■ Receiving
■ Deferred

2023 - \$238.9M



■ Active
■ Receiving
■ Deferred

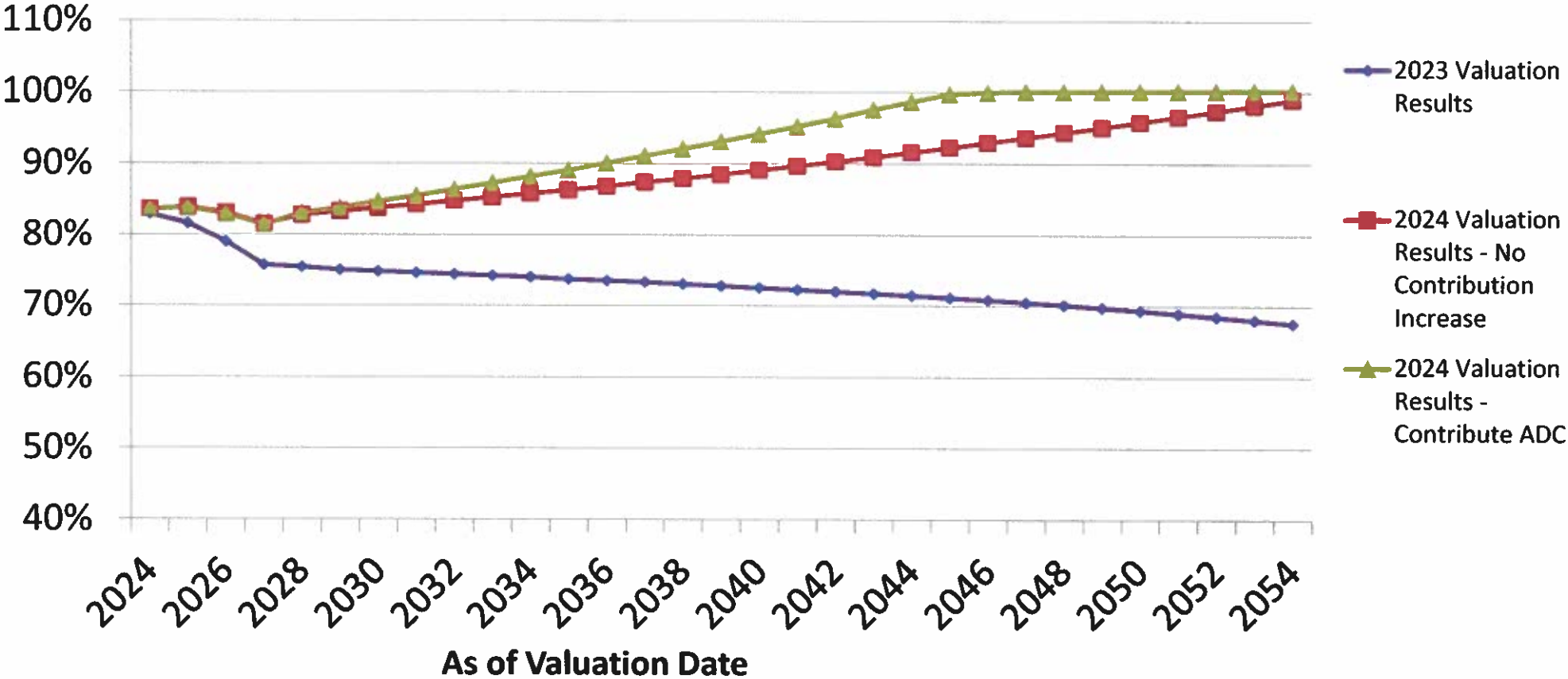


(Gains)/Losses Summary

- Actuarial (gains)/losses due to:
 - Investment return on AVA \$(2.03) million
 - Actual vs. Expected Contributions \$(1.26) million
 - Liabilities \$ 3.97 million
- Total (gains)/losses are \$0.68 million
- Salary increases were higher than expected
- Investment returns were greater than expected
- Losses increased actuarially determined contribution by \$46,000 or 0.06% of pay



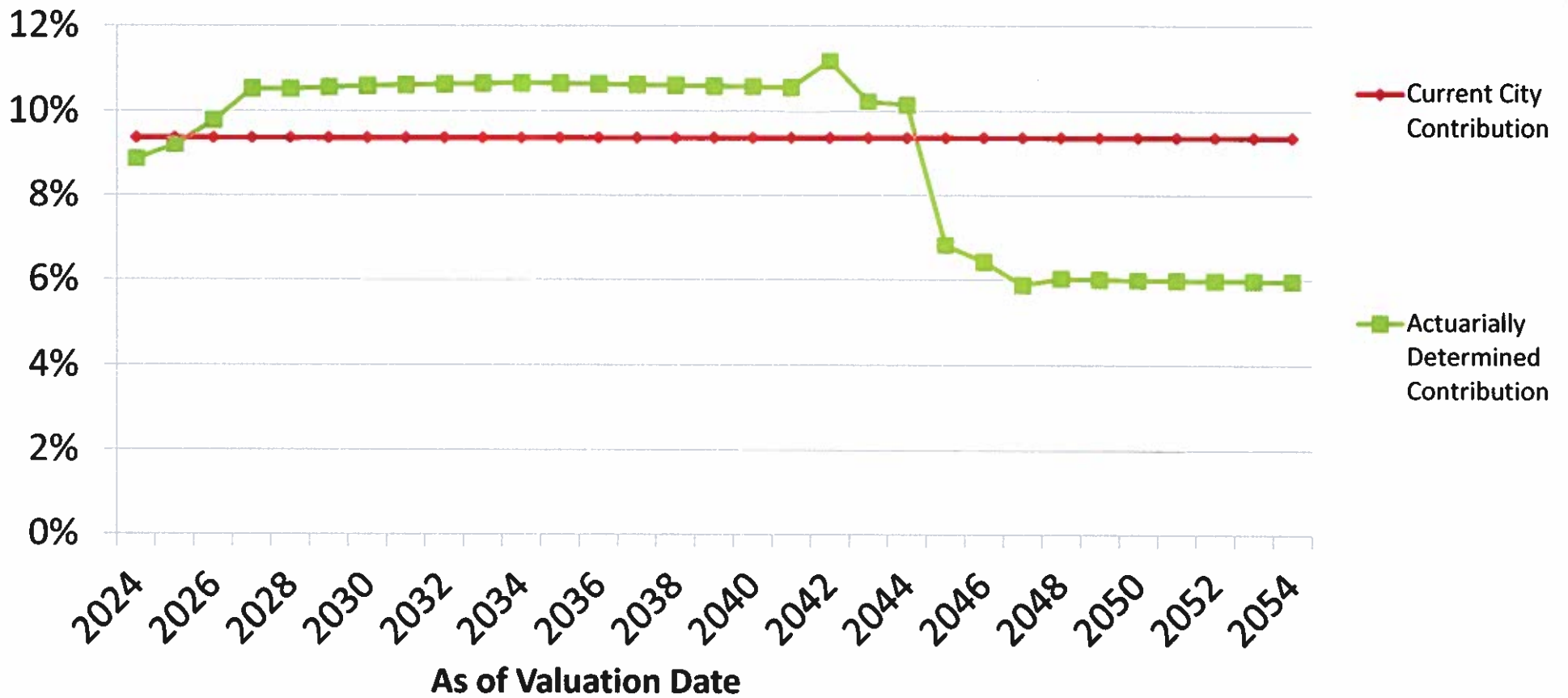
Long Term Projections Funded Ratio



- Plan has a history of making additional contributions to satisfy ADC.



Long Term Projections Contributions as % of Pay



Valuation Summary

- Plan is well funded relative to many of its peers
- Contributions in 2024
 - Total actuarially determined contribution (ADC) rate = 15.2%
 - Current expected Contribution Excess over ADC = 0.5%
- Plan is projected to reach full funding in 2046 if additional contributions are made to meet the ADC, and 2056 if employer contributions remain at 9.4%
- Increases in salary due to high short term inflation could slow the growth to full funding but the trajectory is still reasonable
- Short term asset returns will have an outsized impact on the projected funded status
- Important not to over-react to good news or bad news as we are long term investors