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## **METROPOLITAN TRANSIT AUTHORITY NON-UNION PENSION PLAN**

### **GASB 67 and 68 DISCLOSURE**

**Fiscal Year: October 1, 2023 to September 30, 2024**

#### **Prepared by**

**James Tumlinson, Jr., EA, MAAA**

Principal and Consulting Actuary

**Jake Pringle, EA, MAAA**

Principal and Consulting Actuary

Milliman, Inc.

1415 Louisiana Street, Suite 500

Houston, TX 77002

Tel +1 713 658 8451

[milliman.com](http://milliman.com)

## Table of Contents

<b>Executive Summary</b>	<b>ES-1</b>
<b>Certification</b>	<b>1</b>
<b>Overview of GASB 67 and GASB 68</b>	<b>3</b>
<b>Statement of Fiduciary Net Position</b>	<b>4</b>
<b>Statement of Changes in Fiduciary Net Position</b>	<b>5</b>
<b>Money-Weighted Rate of Return</b>	<b>6</b>
<b>Net Pension Liability</b>	<b>7</b>
<b>Long-Term Expected Rate of Return</b>	<b>8</b>
<b>Depletion Date Projection</b>	<b>9</b>
<b>Projection of Contributions</b>	<b>10</b>
<b>Projection of Fiduciary Net Position</b>	<b>11</b>
<b>Actuarial Present Value of Projected Benefit Payments</b>	<b>12</b>
<b>Changes in Net Pension Liability</b>	<b>13</b>
<b>Pension Expense</b>	<b>14</b>
<b>Schedule of Deferred Inflows and Outflows of Resources</b>	<b>15</b>
<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>	<b>16</b>
<b>Schedule of Employer Contributions</b>	<b>17</b>
<b>Actuarial Methods and Assumptions Used for Funding Policy</b>	<b>18</b>
<b>Summary Chart</b>	<b>19</b>
<b>Glossary</b>	<b>20</b>

## Executive Summary

### A. Summary of Key Results

Reporting Date	September 30, 2023	September 30, 2024
Valuation Date	January 1, 2022	January 1, 2023
<b>Participant Data</b>		
Number of participants		
Active participants	344	319
Terminated vested participants	79	74
Retired participants	326	333
Disabled participants	0	0
Beneficiaries	<u>67</u>	<u>65</u>
Total participants	816	791
Covered payroll at reporting date	\$35,434,804	\$36,385,966

Measurement Date	December 31, 2022	December 31, 2023
<b>Assets</b>		
Fiduciary net position	\$177,050,322	\$192,913,885
Money-weighted rate of return	(14.14%)	9.55%
<b>Net Pension Liability</b>		
Total pension liability	\$313,408,393	\$331,188,435
Fiduciary net position	<u>177,050,322</u>	<u>192,913,885</u>
Net pension liability	\$136,358,071	\$138,274,550
Discount rate	6.25%	6.25%
Fiduciary net position as of % total pension liability	56.49%	58.25%
Net pension liability as of % covered payroll	384.81%	380.02%

Reporting Date	September 30, 2023	September 30, 2024
<b>Pension Expense</b>		
Service cost	\$2,980,128	\$3,148,320
Interest on total pension liability	18,437,014	19,306,649
Effect of plan changes	0	0
Administrative expenses	278,324	306,556
Expected investment return net of investment expenses	(13,056,772)	(11,035,093)
Recognition of deferred inflows/outflows of resources	<u>(12,574,984)</u>	<u>7,736,860</u>
Pension expense	\$21,213,678	\$19,463,292

## B. Purpose of this Report

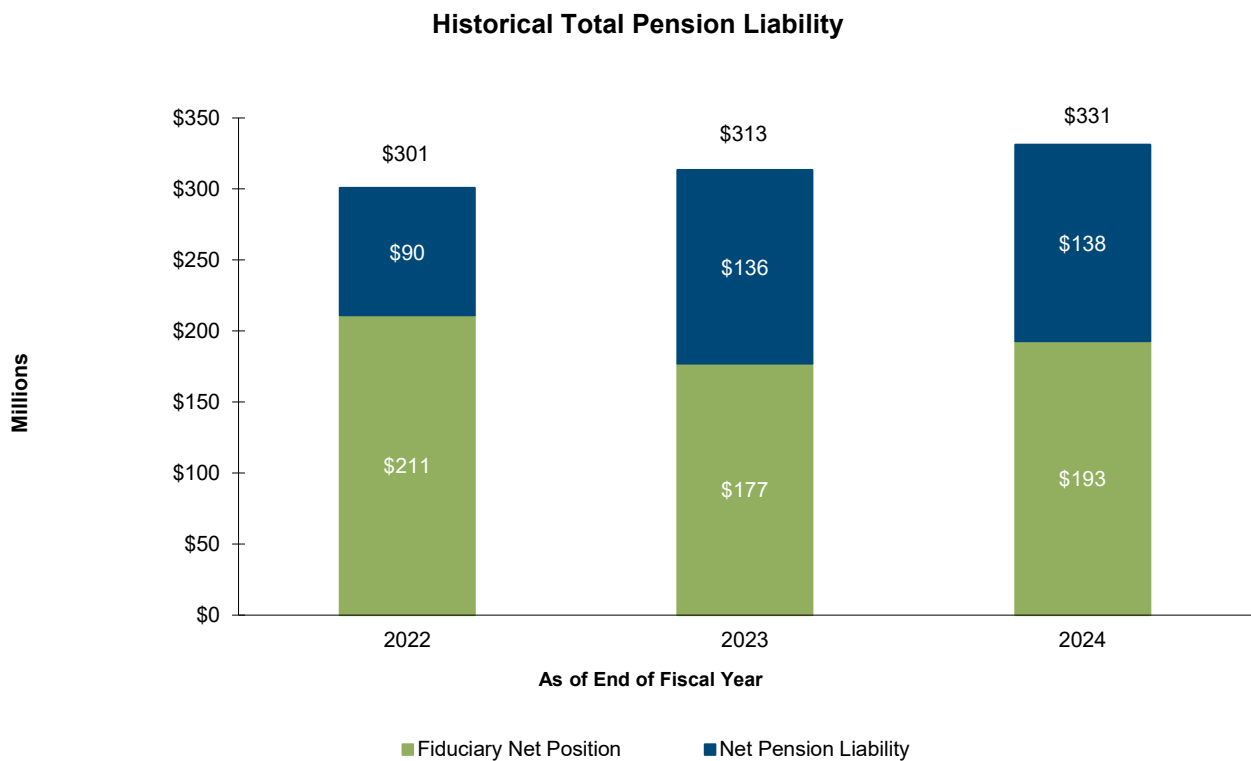
This accounting report has been prepared for the Metropolitan Transit Authority Non-Union Pension Plan for the fiscal year October 1, 2023 to September 30, 2024 to:

- Calculate the Net Pension Liability.
- Prepare the Plan's Pension Expense.
- Review the Plan's depletion date projection.

The Valuation Date is January 1, 2023. This is the date as of which the actuarial valuation is performed. The Measurement Date is December 31, 2023. This is the date as of which the net pension liability is determined. The Reporting Date is September 30, 2024. This is the employer's fiscal year ending date.

## C. Net Pension Liability

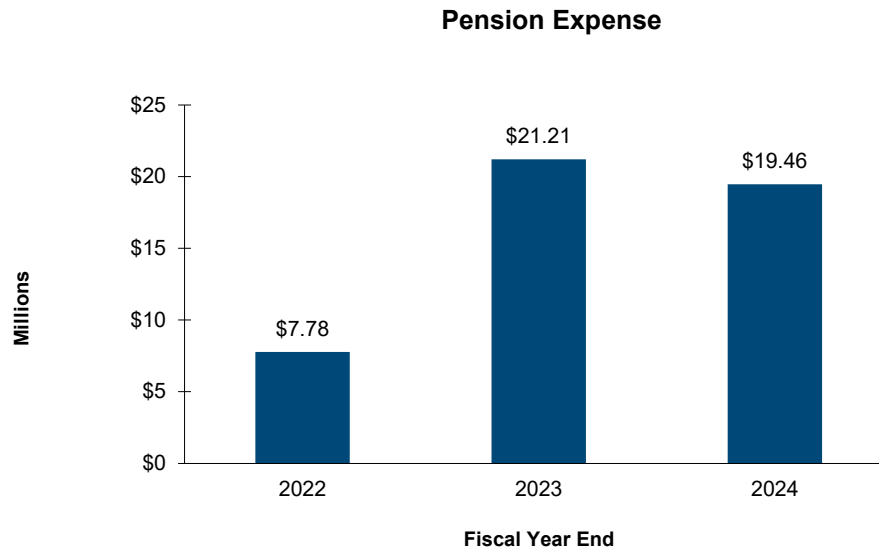
The graph below illustrates the total pension liability and the net pension liability (funded status) for the current and preceding two years.



## D. Pension Expense for the 2024 Fiscal Year End

The Pension Expense measured for the plan year ending December 31, 2023 and reported for the fiscal year ending September 30, 2024 is \$19,463,292.

The graph below illustrates the Pension Expense for the current and preceding two fiscal years.



## E. Depletion Date

As of December 31, 2023, our projections show the plan will have enough assets to make projected benefit payments under the assumptions outlined on page 9 and developed on page 12 of the report.

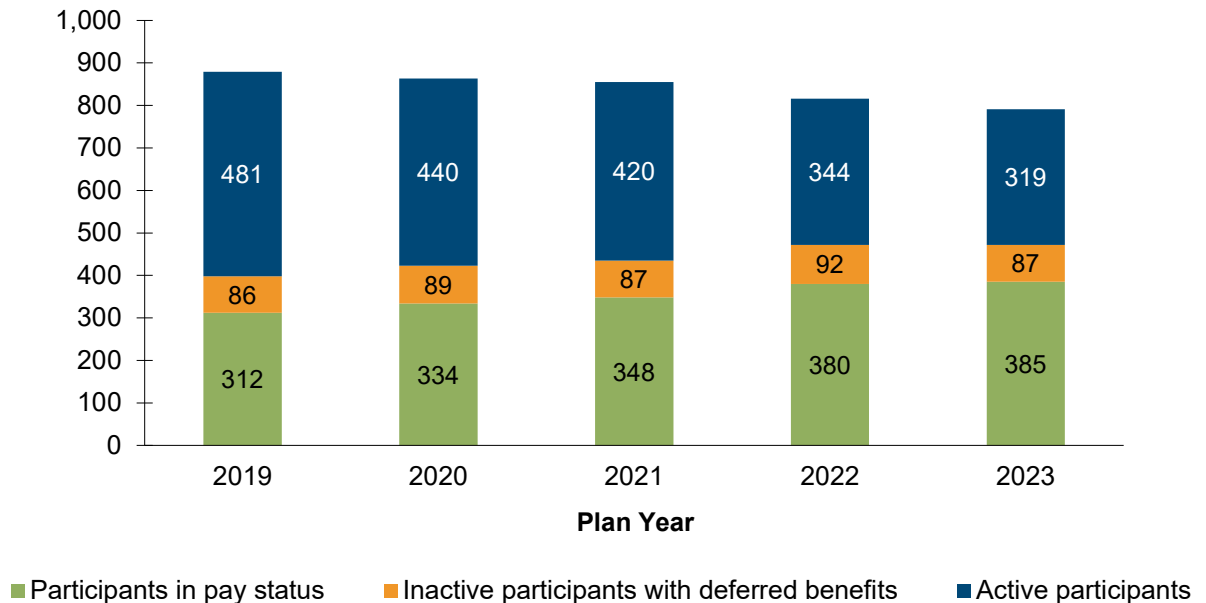
## F. Plan Experience

### Change in Demographics

From January 1, 2022 to January 1, 2023, the number of active participants in the Plan decreased by 7.3% from 344 to 319; while the total number of participants decreased by 3.1% from 816 to 791.

The following graph illustrates the count of participants, by category, as of the valuation date for the current and preceding four plan years.

### Historical Participation



### Total Pension Liability

Under the Entry Age Normal actuarial cost method, and prior to reflecting any plan, method or assumption changes, liability experience for the 2023 plan year was less favorable than expected, generating a net actuarial loss as follows:

- Demographic experience different from that assumed, which resulted in an actuarial loss of approximately \$10.9 million.

In addition, the actuarial assumption changes resulted in an overall gain of approximately \$1 thousand as follows:

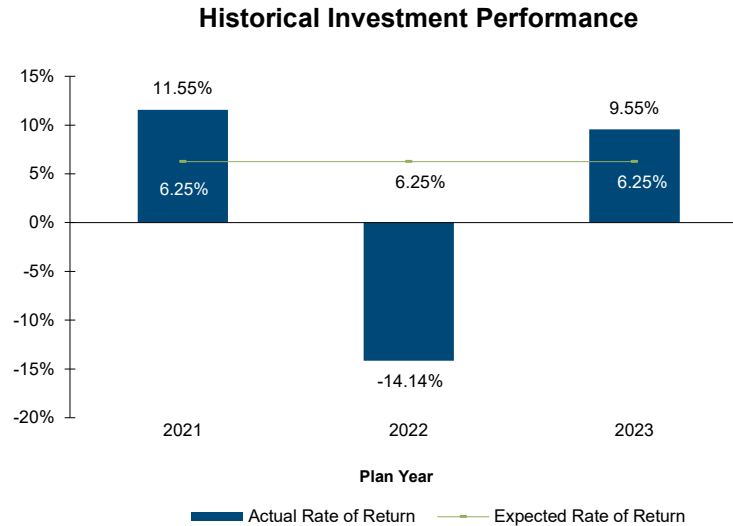
- The updated inflation assumption resulted in a decrease of the total pension liability of approximately \$1 thousand.

### Change in Assets

Asset experience for the 2023 plan year was more favorable than expected.

- The 2023 rate of return on the market value of plan assets was approximately 9.55%, above the assumed rate of 6.25%, resulting in an investment gain of approximately \$5.8 million.

The following graph illustrates the investment performance on a market value basis for the preceding three plan years.



## G. Actuarial Methods and Assumptions

The actuarial methods and assumptions used in this measurement are the same as those used in the prior measurement except as follows:

- Inflation was updated from 2.33% to 2.30%.

These changes were made to better reflect anticipated future plan experience.

## H. Plan Provisions

The January 1, 2023 valuation reflects the plan provisions in effect on January 1, 2023, including the following:

- Increases in the Internal Revenue Code (IRC) Section 401(a)(17) compensation limit from \$305,000 to \$330,000 and the IRC Section 415(b) annual benefit limit from \$245,000 to \$265,000. These changes had an immaterial impact on the December 31, 2023 measurement of Plan liabilities.

## **Certification**

Actuarial computations presented in this report under Statements No. 67 and 68 of the Governmental Accounting Standards Board are for purposes of assisting METRO in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal year October 1, 2023 to September 30, 2024. The reporting date for determining plan assets and obligations is December 31, 2023. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of January 1, 2023 and December 31, 2023 furnished by METRO. This information includes, but is not limited to, statutory provisions, member census data, and financial information. Please see Milliman's funding valuation report issued July 31, 2023 for more information on the plan's participant group as of January 1, 2023 as well as a summary of the plan provisions and a summary of the actuarial methods used for funding purposes. Please see Milliman's preliminary December 31, 2023 valuation assumptions report dated April 17, 2024 for a summary of the assumptions used in this measurement.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

We hereby certify that, to the best of our knowledge, this report, including all costs and liabilities based on actuarial assumptions and methods, is complete and accurate and determined in conformance with generally recognized and accepted actuarial principles and practices, which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying Opinions and supporting Recommendations of the American Academy of Actuaries.

Each of the assumptions used in this valuation with the exception of those set by law was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.



## Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

Milliman has developed certain models to estimate the values included in this report. The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

There is substantial uncertainty regarding the impact of the COVID-19 pandemic on projected plan costs. Therefore, for purposes of this report, we have chosen not to make any adjustments to these costs. However, please be aware that the COVID-19 pandemic could have a material cost impact in future valuations.

Milliman's work is prepared solely for the internal use and benefit of Metropolitan Transit Authority of Harris County, Texas. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit METRO; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

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

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized 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 herein.



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James Tumlinson, Jr., EA, MAAA  
Principal and Consulting Actuary



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Jake Pringle, EA, MAAA  
Principal and Consulting Actuary

## **Overview of GASB 67 and GASB 68**

The Governmental Accounting Standards Board (GASB) released new accounting standards for public pension plans and participating employers in 2012. These standards, GASB Statements No. 67 and 68, have substantially revised the accounting requirements previously mandated under GASB Statements No. 25 and 27. The most notable change is the distinct separation of funding from financial reporting. The Annual Required Contribution (ARC) has been eliminated under GASB 67 and 68 and is no longer relevant for financial reporting purposes. As a result, plan sponsors have been encouraged to establish a formal funding policy that is separate from financial reporting calculations.

GASB 67 applies to financial reporting for public pension plans and is required to be implemented for plan fiscal years beginning after June 15, 2013. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue standalone financial statements, but rather is considered a pension trust fund of a government, it is subject to GASB 67. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2014. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

## Statement of Fiduciary Net Position

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
<b>Assets</b>		
Cash and cash equivalents	\$2,601,861	\$6,148,499
Receivables and prepaid expenses:		
Receivable contributions	0	0
Receivable investment income	27,098	45,751
Receivables from brokers for unsettled trades	2,290	0
Prepaid expenses	0	0
Total receivables	29,388	45,751
Investments:		
Fixed income	45,920,807	51,739,591
Stocks	98,388,472	111,957,122
Short-term investments	0	0
Real estate	30,242,254	23,169,434
Alternative investments	0	0
Total investments	174,551,533	186,866,147
Invested securities lending cash collateral	0	0
Capital assets net of accumulated depreciation	0	0
Total assets	177,182,782	193,060,397
<b>Liabilities</b>		
Accrued expenses and benefits payable	132,460	146,512
Securities lending cash collateral	0	0
Payable to brokers for unsettled trades	0	0
Total liabilities	132,460	146,512
<b>Net position restricted for pensions</b>	<b>\$177,050,322</b>	<b>\$192,913,885</b>

## Statement of Changes in Fiduciary Net Position

December 31, 2023

### Additions

Member contributions	\$0
Employer contributions	14,849,952
Total contributions	14,849,952
Investment income (loss):	
Interest	239,309
Dividends	1,015,634
Equity fund income, net	0
Net increase in fair value of investments	16,094,346
Securities lending income	0
Less investment expenses:	
Direct investment expense	493,001
Securities lending management fees	0
Securities lending borrower rebates	0
Net investment income	16,856,288
Other income	0
Total additions	31,706,240

### Deductions

Service benefits	15,536,121
Disability benefits	0
Death benefits	0
Refunds of member contributions	0
Administrative expenses	306,556
Total deductions	15,842,677
Net increase (decrease)	15,863,563

### Net position restricted for pensions

Beginning of year (December 31, 2022)	177,050,322
End of year (December 31, 2023)	\$192,913,885

## Money-Weighted Rate of Return

Measurement Year Ending December 31	Net Money-Weighted Rate of Return
2014	3.49%
2015	(4.00%)
2016	6.98%
2017	16.46%
2018	(6.60%)
2019	16.79%
2020	11.28%
2021	11.55%
2022	(14.14%)
2023	9.55%

### Calculation of Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on an annual basis and are assumed to occur at the middle of the year. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each year. The money-weighted rate of return is calculated net of investment expenses.

	Net External Cash Flows
Beginning Value - January 1, 2023	\$177,050,322
Annual net external cash flows:	
Employer contributions	14,849,952
Employee contributions	0
Benefit payments	(15,536,121)
Administrative expenses	(306,556)
Total	(992,725)
Investment Income	16,856,288
Ending Value - December 31, 2023	192,913,885
Money-Weighted Rate of Return	9.55%

## Net Pension Liability

<b>Net Pension Liability</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>
Total pension liability	\$313,408,393	\$331,188,435
Fiduciary net position	<u>177,050,322</u>	<u>192,913,885</u>
Net pension liability	\$136,358,071	\$138,274,550
Fiduciary net position as a % of total pension liability	56.49%	58.25%
Covered payroll	35,434,804	36,385,966
Net pension liability as a % of covered payroll	384.81%	380.02%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67 and 68.

### Discount Rate

Discount rate	6.25%	6.25%
Long-term expected rate of return, net of investment expense	6.25%	6.25%
Municipal bond rate	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

### Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2023 were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2018.

Valuation date	January 1, 2022	January 1, 2023
Measurement date	December 31, 2022	December 31, 2023
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.33%	2.30%
Salary increases including inflation	3.533% for 2022, 8.617% for 2023, and 3.00% thereafter	8.617% for 2023, and 3.00% thereafter
Mortality	Pub-2010 Mortality, projected forward (fully generational) with MP-2021	Pub-2010 Mortality, projected forward (fully generational) with MP-2021

Please see Milliman's preliminary assumptions reports for December 31, 2022 measurements, dated April 18, 2023, and for December 31, 2023 measurements, dated April 17, 2024, for more detail.

## Long-Term Expected Rate of Return

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of January 1, 2024 based on a 30-year investment horizon.

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	21.00%	2.21%	2.08%
Global Bonds	FTSE WGBI USD	9.00%	1.00%	0.70%
US Large & Mid Cap Equity	Russell 1000 TR USD	21.00%	5.42%	3.78%
US Small Cap Equity	Russell 2000 TR USD	6.00%	6.94%	4.39%
US Mid Cap Equity	Russell Mid Cap TR USD	8.00%	5.95%	3.90%
Non-US Equity	MSCI ACWI Ex USA NR USD	25.00%	7.66%	5.80%
US REITs	FTSE Nareit All Equity REITs TR USD	10.00%	6.63%	4.49%
		100.00%		
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			1.44%	1.44%
Portfolio Real Mean Return			5.17%	4.30%
Portfolio Nominal Mean Return			7.47%	6.74%
Portfolio Standard Deviation				12.79%
<b>Long-Term Expected Rate of Return</b>				<b>6.25%</b>

\* Target allocation as of December 31, 2023.

## Depletion Date Projection

In order to determine if the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, we have prepared a depletion date projection using the following techniques and assumptions:

- There are no required employee contribution amounts.
- The employer contributes the actuarially determined contribution amounts.
- Benefit payments are projected based on the actuarial assumptions and the current plan provisions.
- Members are assumed to receive pay increases, terminate, retire, become disabled, die, and so forth according to the actuarial assumptions used for the January 1, 2024 measurements.
- Terminating and retiring members will not be replaced with new employees.
- Current administrative expenses are assumed to increase by 1.00% per year.
- All cash flows are assumed to occur on average halfway through the year.
- The long-term expected rate of return on pension plan investments is 6.25%.
- The tax-exempt, high-quality general obligation municipal bond index rate is N/A.
- The funding policy used to determine actuarially determined contributions does not change. See the last page of this report for details.
- The actuarial assumptions do not change.
- The plan provisions do not change except if any material future changes have been agreed upon as of the measurement date.

Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

In accordance with ASOP 51, please refer to Appendix C of the valuation report issued July 31, 2023 which identifies, assesses, and provides illustrations of risks that are significant to the Plan, and in some cases to the Plan's participants.



## Projection of Contributions

Year	Projected Payroll Current Employees	Projected Payroll Future Employees	Total Employee Payroll	Contributions from Current Employees	Employer Contributions for Current Employees	Contributions from Future Employees	Total Contributions
1	\$27,104,499	\$0	\$27,104,499	\$0	\$13,826,277	\$0	\$13,826,277
2	24,285,472	0	24,285,472	0	13,870,683	0	13,870,683
3	21,844,464	0	21,844,464	0	14,104,365	0	14,104,365
4	19,610,665	0	19,610,665	0	14,573,340	0	14,573,340
5	17,576,651	0	17,576,651	0	14,158,127	0	14,158,127
6	15,749,944	0	15,749,944	0	13,891,154	0	13,891,154
7	14,064,302	0	14,064,302	0	13,650,299	0	13,650,299
8	12,490,732	0	12,490,732	0	13,424,982	0	13,424,982
9	11,029,906	0	11,029,906	0	13,213,009	0	13,213,009
10	9,696,090	0	9,696,090	0	13,009,521	0	13,009,521

Note: Years subsequent to year 10 have been omitted from this table.

## Projection of Fiduciary Net Position

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
1	\$192,913,885	\$13,826,277	\$22,594,802	\$309,622	\$11,773,426	\$195,609,164
2	195,609,164	13,870,683	23,160,501	312,718	11,925,494	197,932,122
3	197,932,122	14,104,365	23,848,300	315,845	12,056,390	199,928,732
4	199,928,732	14,573,340	24,502,964	319,003	12,175,276	201,855,381
5	201,855,381	14,158,127	24,843,300	322,193	12,271,981	203,119,996
6	203,119,996	13,891,154	25,494,689	325,415	12,322,220	203,513,266
7	203,513,266	13,650,299	25,472,959	328,669	12,339,850	203,701,787
8	203,701,787	13,424,982	25,677,088	331,956	12,338,110	203,455,835
9	203,455,835	13,213,009	25,624,716	335,276	12,317,646	203,026,498
10	203,026,498	13,009,521	25,828,433	338,629	12,277,983	202,146,940

Note: Years subsequent to year 10 have been omitted from this table.

## Actuarial Present Value of Projected Benefit Payments

Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Benefit Payments*	Present Value of "Unfunded" Benefit Payments**	Present Value of Total Benefit Payments***
1	\$192,913,885	\$22,594,802	\$22,594,802	\$0	\$21,920,178	\$0	\$21,920,178
2	195,609,164	23,160,501	23,160,501	0	21,147,281	0	21,147,281
3	197,932,122	23,848,300	23,848,300	0	20,494,394	0	20,494,394
4	199,928,732	24,502,964	24,502,964	0	19,818,343	0	19,818,343
5	201,855,381	24,843,300	24,843,300	0	18,911,634	0	18,911,634
6	203,119,996	25,494,689	25,494,689	0	18,265,878	0	18,265,878
7	203,513,266	25,472,959	25,472,959	0	17,176,762	0	17,176,762
8	203,701,787	25,677,088	25,677,088	0	16,295,914	0	16,295,914
9	203,455,835	25,624,716	25,624,716	0	15,306,048	0	15,306,048
10	203,026,498	25,828,433	25,828,433	0	14,520,218	0	14,520,218
95	40,550	0	0	0	0	0	0
96	40,917	0	0	0	0	0	0
97	41,316	0	0	0	0	0	0
98	41,742	0	0	0	0	0	0
99	42,194	0	0	0	0	0	0
Total					338,265,995	0	= 338,265,995

Note: Years 11-94 have been omitted from this table.

\* Discounted at the long-term expected rate of return, 6.25%.

\*\* Discounted at the municipal bond rate, N/A.

\*\*\* Discounted at the single interest rate that produces a total actuarial present value equal to the sum of the actuarial present values of "funded" and "unfunded" benefit payments, 6.25%.

## Changes in Net Pension Liability

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of December 31, 2022	\$313,408,393	\$177,050,322	\$136,358,071
Changes for the year:			
Service cost	3,148,320		3,148,320
Interest on total pension liability	19,306,649		19,306,649
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	10,862,159		10,862,159
Effect of assumptions changes or inputs	(965)		(965)
Benefit payments	(15,536,121)	(15,536,121)	0
Employer contributions		14,849,952	(14,849,952)
Member contributions		0	0
Net investment income		16,856,288	(16,856,288)
Administrative expenses		(306,556)	306,556
Balances as of December 31, 2023	331,188,435	192,913,885	138,274,550

### Sensitivity Analysis

The following presents the net pension liability of METRO, calculated using the discount rate of 6.25%, as well as what METRO's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current rate.

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Total pension liability	\$364,319,074	\$331,188,435	\$302,893,144
Fiduciary net position	192,913,885	192,913,885	192,913,885
Net pension liability	171,405,189	138,274,550	109,979,259

## Pension Expense

Pension Expense	October 1, 2022 to September 30, 2023	October 1, 2023 to September 30, 2024
Service cost	\$2,980,128	\$3,148,320
Interest on total pension liability	18,437,014	19,306,649
Effect of plan changes	0	0
Administrative expenses	278,324	306,556
Member contributions	0	0
Expected investment return net of investment expenses	(13,056,772)	(11,035,093)
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	1,887,628	5,206,630
Recognition of assumption changes or inputs	4,754,225	2,434,580
Recognition of investment gains or losses	5,933,131	95,650
Pension Expense	21,213,678	19,463,292

As of September 30, 2024, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$7,905,682
Changes of assumptions	(620)	2,209,454
Net difference between projected and actual earnings	0	14,875,047
Contributions made subsequent to measurement date*	N/A	Employer determined

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2025	\$10,422,351
2026	8,376,171
2027	7,355,280
2028	(1,164,239)
2029	0
Thereafter**	0

\* Contributions to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period should be reported as a deferred outflow of resources related to pensions.

\*\* Note that additional future deferred inflows and outflows of resources may impact these numbers.

## Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Pension Expense for FYE 09/30/2024	Amount Recognized in Pension Expense through 09/30/2024	Balance of Deferred Inflows as of 09/30/2024	Balance of Deferred Outflows as of 09/30/2024
<b>Economic/demographic gains or losses</b>	\$10,862,159	9/30/2024	2.8	\$3,879,343	\$3,879,343	\$0	\$6,982,816
	2,366,449	9/30/2023	3.0	788,816	1,577,632	0	788,817
	2,144,763	9/30/2022	3.2	670,238	2,010,714	0	134,049
	(1,527,960)	9/30/2021	3.5	(218,280)	(1,527,960)	0	0
	3,547,049	9/30/2020	4.1	<u>86,513</u>	3,547,049	<u>0</u>	<u>0</u>
		Total		5,206,630		0	7,905,682
<b>Assumption changes or inputs</b>	(965)	9/30/2024	2.8	(345)	(345)	(620)	0
	6,543,592	9/30/2023	3.0	2,181,197	4,362,394	0	2,181,198
	452,087	9/30/2022	3.2	141,277	423,831	0	28,256
	(1,143,852)	9/30/2021	3.5	(163,407)	(1,143,852)	0	0
	11,310,122	9/30/2020	4.1	<u>275,858</u>	11,310,122	<u>0</u>	<u>0</u>
		Total		2,434,580		(620)	2,209,454
<b>Investment gains or losses</b>	(5,821,195)	9/30/2024	5.0	(1,164,239)	(1,164,239)	(4,656,956)	0
	42,597,587	9/30/2023	5.0	8,519,517	17,039,034	0	25,558,553
	(10,411,517)	9/30/2022	5.0	(2,082,303)	(6,246,909)	(4,164,608)	0
	(9,309,710)	9/30/2021	5.0	(1,861,942)	(7,447,768)	(1,861,942)	0
	(16,576,919)	9/30/2020	5.0	<u>(3,315,383)</u>	(16,576,919)	<u>0</u>	<u>0</u>
		Total		95,650		(10,683,506)	25,558,553

Employer contributions made subsequent to measurement date.\*\*

<b>Total for economic/demographic gains or losses and assumption changes or inputs</b>	(620)	10,115,136
<b>Net deferred (inflows)/outflows for investment gains or losses</b>	0	14,875,047
<b>Total deferred (inflows)/outflows</b>	(620)	24,990,183
<b>Total net deferrals</b>		24,989,563

\* Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

\*\* Contributions to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period should be reported as a deferred outflow of resources related to pensions.

## Schedule of Changes in Net Pension Liability and Related Ratios (in 1,000s)

	Fiscal Year Ending September 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$3,148	\$2,980	\$3,168	\$3,830	\$3,106	\$3,035	\$3,211	\$3,465	\$2,783	\$2,754
Interest on total pension liability	19,307	18,437	18,405	18,555	17,962	17,396	16,923	16,608	15,166	13,385
Effect of plan changes	0	0	0	1,503	0	0	0	0	0	0
Effect of economic/demographic gains or losses	10,862	2,366	2,145	(1,528)	3,547	873	(2,443)	9,768	6,721	0
Effect of assumption changes or inputs	(1)	6,544	452	(1,144)	11,310	11,270	(948)	2,531	12,233	0
Benefit payments	(15,536)	(17,595)	(29,180)	(16,899)	(15,335)	(12,735)	(13,180)	(10,375)	(8,778)	(8,705)
Net change in total pension liability	17,780	12,732	(5,010)	4,317	20,590	19,838	3,563	21,997	28,124	7,434
Total pension liability, beginning	313,408	300,676	305,686	301,370	280,780	260,942	257,379	235,381	207,258	199,824
Total pension liability, ending (a)	331,188	313,408	300,676	305,686	301,370	280,780	260,942	257,379	235,381	207,258
<b>Fiduciary Net Position</b>										
Employer contributions	\$14,850	\$13,308	\$13,448	\$14,237	\$12,647	\$11,073	\$11,307	\$11,181	\$11,249	\$9,006
Member contributions	0	0	0	0	0	0	0	0	0	0
Net investment income	16,856	(29,541)	22,699	20,882	27,049	(11,548)	25,030	9,971	(5,891)	4,934
Benefit payments	(15,536)	(17,595)	(29,180)	(16,899)	(15,335)	(12,735)	(13,180)	(10,375)	(8,778)	(8,705)
Administrative expenses	(307)	(278)	(325)	(351)	(280)	(242)	(244)	(226)	(235)	(941)
Net change in plan fiduciary net position	15,864	(34,106)	6,643	17,868	24,080	(13,452)	22,914	10,552	(3,655)	4,294
Fiduciary net position, beginning	177,050	211,156	204,514	186,645	162,565	176,017	153,103	142,552	146,207	141,913
Fiduciary net position, ending (b)	192,914	177,050	211,156	204,514	186,645	162,565	176,017	153,103	142,552	146,207
Net pension liability, ending = (a) - (b)	\$138,275	\$136,358	\$89,520	\$101,173	\$114,724	\$118,215	\$84,924	\$104,275	\$92,830	\$61,051
Fiduciary net position as a % of total pension liability	58.25%	56.49%	70.23%	66.90%	61.93%	57.90%	67.45%	59.49%	60.56%	70.54%
Covered payroll	\$36,386	\$35,435	\$40,063	\$39,027	\$40,747	\$41,770	\$43,480	\$46,853	\$44,838	\$45,602
Net pension liability as a % of covered payroll	380.02%	384.81%	223.45%	259.24%	281.55%	283.01%	195.32%	222.56%	207.03%	133.88%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

**Notes to Schedule:**

Please see Milliman's preliminary December 31, 2023 valuation assumptions report dated April 17, 2024 for a description of changes in principal plan provisions and actuarial assumptions since the prior valuation.

## Schedule of Employer Contributions

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2015	\$9,006,301	\$9,006,301	\$0	\$45,601,509	19.75%
2016	8,911,253	11,248,671	(2,337,418)	44,837,816	25.09%
2017	11,181,136	11,181,136	0	46,853,004	23.86%
2018	11,307,275	11,307,275	0	43,479,995	26.01%
2019	11,060,833	11,073,255	(12,422)	41,769,919	26.51%
2020	12,628,619	12,647,252	(18,633)	40,747,394	31.04%
2021	14,217,959	14,236,592	(18,633)	39,026,869	36.48%
2022	13,429,326	13,447,958	(18,632)	40,062,815	33.57%
2023	12,852,876	13,308,196	(455,320)	35,434,804	37.56%
2024	14,831,319	14,849,952	(18,633)	36,385,966	40.81%



## Actuarial Methods and Assumptions Used for Funding Policy

The following actuarial methods and assumptions were used in the January 1, 2023 valuation unless stated otherwise. Please see Milliman's valuation report issued July 31, 2023 for more detail.

<b>Valuation Timing</b>	Actuarially determined contribution amounts are calculated based on valuations performed as of January 1st 20 months prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry Age Normal (Level Percent of Salary)
<b>Amortization Method</b>	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 01/01/2023	20 years
Amortization growth rate	0.00%
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	80% - 120% of Market Value
<b>Inflation</b>	2.30%, adopted for December 31, 2023 measurement and beyond.
<b>Salary Increases</b>	8.617% for 2023, and 3.00% thereafter, adopted for December 31, 2023 measurement and beyond.
<b>Investment Rate of Return</b>	6.25%, adopted for December 31, 2019 measurement and beyond.
<b>Cost of Living Adjustments</b>	None.
<b>Retirement</b>	See retirement rates in the January 1, 2023 valuation report.
<b>Turnover</b>	See turnover rates in the January 1, 2023 valuation report.
<b>Mortality</b>	Pub-2010 Mortality, projected forward (fully generational) with MP-2021 used for December 31, 2023 measurement.
<b>Optional Form Election</b>	See optional payment form assumptions in the January 1, 2023 valuation report.

### Summary Chart

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Deferred (Inflows)	Deferred Outflows	Net Investment (Inflows)/ Outflows	Net Deferrals	Net Pension Liability plus Net Deferrals	Annual Expense
<b>Balances as of September 30, 2023</b>	(\$313,408,393)	\$177,050,322	(\$136,358,071)	(\$381,687)	\$7,276,219	\$20,791,892	\$27,686,424	(\$108,671,647)	
Service cost	(3,148,320)		(3,148,320)						3,148,320
Interest on total pension liability	(19,306,649)		(19,306,649)						19,306,649
Effect of plan changes	0		0						0
Effect of liability gains or losses	(10,862,159)		(10,862,159)		10,862,159		10,862,159		
Effect of assumption changes or inputs	965		965	(965)			(965)		
Benefit payments	15,536,121	(15,536,121)	0						
Administrative expenses		(306,556)	(306,556)						306,556
Member contributions		0	0						0
Expected net investment income		11,035,093	11,035,093						(11,035,093)
Investment gains or losses		5,821,195	5,821,195			(5,821,195)	(5,821,195)		
Employer contributions		14,849,952	14,849,952					14,849,952	
Recognition of liability gains or losses				218,280	(5,424,910)		(5,206,630)		5,206,630
Recognition of assumption changes or inputs				163,752	(2,598,332)		(2,434,580)		2,434,580
Recognition of investment gains or losses						(95,650)	(95,650)		95,650
Annual expense								(19,463,292)	19,463,292
<b>Balances as of September 30, 2024</b>	(331,188,435)	192,913,885	(138,274,550)	(620)	10,115,136	14,875,047	24,989,563	(113,284,987)	

## Glossary

<b>Actuarially Determined Contribution</b>	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.
<b>Deferred Inflows/Outflows of Resources</b>	Portion of changes in net pension liability that is not immediately recognized in Pension Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
<b>Discount Rate</b>	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 sum of:  <ol style="list-style-type: none"><li>1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.</li><li>2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.</li></ol>
<b>Fiduciary Net Position</b>	Equal to market value of assets.
<b>Long-Term Expected Rate of Return</b>	Long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits, net of investment
<b>Money-Weighted Rate of Return</b>	The internal rate of return on pension plan investments, net of investment expenses.
<b>Net Pension Liability</b>	Total Pension Liability minus the Plan's Fiduciary Net Position (unfunded accrued liability).
<b>Projected Benefit Payments</b>	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and expected future service.
<b>Service Cost</b>	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
<b>Total Pension Liability</b>	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 67 and 68.