



GASB 74/75 INTERIM ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2025

CITY OF TAYLOR

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October 27, 2025

Jason Couture
City of Taylor
23555 Goddard Road
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Taylor, MI 48180

This report summarizes the interim GASB actuarial valuation for the City of Taylor 2024/25 fiscal year . To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). This report may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. Asset information has been provided to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based . When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement . We are not aware of any significant issues with and have relied on the data provided.

The discount rate, expected return on assets, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice . Note that the evaluation of the reasonability of the expected asset return assumption was considered outside the scope of our assignment .

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;
- 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); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement .

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.



Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

Should you have any questions please do not hesitate to contact us.

A handwritten signature in black ink that reads "Tina Liu".

Tina Liu, EA, MAAA, FCA
Actuary

A handwritten signature in black ink that reads "Nisha Sundi".

Nisha Sundi, FSA, MAAA
Actuary

Executive Summary

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending June 30, 2025 compared to the prior fiscal year as shown in the City's Notes to Financial Statement.

	As of June 30, 2024	As of June 30, 2025
Total OPEB Liability	\$ 125,259,554	\$ 141,251,997
Actuarial Value of Assets	\$ (5,691,890)	\$ (6,484,003)
Net OPEB Liability	\$ 119,567,664	\$ 134,767,994
Funded Ratio	4.5%	4.6%

	FY 2023/24	FY 2024/25
OPEB Expense	\$ 13,929,421	\$ 21,211,940
Annual Employer Contributions	\$ 9,221,151	\$ 9,876,983
Actuarially Determined Contribution	\$ 9,053,859	\$ 9,975,035

	As of June 30, 2024	As of June 30, 2025
Discount Rate	6.93%	6.93%
Expected Return on Assets	6.93%	6.93%

	As of June 30, 2025
Total Active Participants	304
Total Retiree Participants	564

The active participants' number above may include active employees who currently have no health care coverage.

* The counts as of June 30, 2025 were provided by the City and were not used as the basis for determining the liability as of June 30, 2025 for the interim valuation.

GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2024/25	FY 2023/24	FY 2022/23	FY 2021/22	FY 2020/21
Total OPEB Liability					
Total OPEB Liability - beginning of year	\$ 125,259,554	\$ 117,095,235	\$ 114,494,534	\$ 124,226,754	\$ 126,652,479
Service cost	696,289	599,257	567,799	417,432	494,473
Interest	8,400,923	7,930,107	7,758,543	6,960,780	9,083,552
Change of benefit terms	0	0	0	9,547	0
Changes in assumptions	6,500,109	6,463,812	0	12,049,282	2,665,604
Differences between expected and actual experience	10,017,105	2,137,294	2,871,777	(21,232,557)	(7,418,379)
Benefit payments	(9,621,983)	(8,966,151)	(8,597,418)	(7,936,704)	(7,250,975)
Net change in total OPEB liability	\$ 15,992,443	\$ 8,164,319	\$ 2,600,701	\$ (9,732,220)	\$ (2,425,725)
Total OPEB Liability - end of year	\$ 141,251,997	\$ 125,259,554	\$ 117,095,235	\$ 114,494,534	\$ 124,226,754
Plan Fiduciary Net Position					
Plan fiduciary net position - beginning of year	\$ 5,691,890	\$ 4,940,576	\$ 4,378,596	\$ 4,502,155	\$ 3,319,998
Contributions - employer	9,876,983	9,221,151	8,852,418	8,191,704	7,505,975
Contributions - active employees	0	0	0	0	0
Net investment income	549,517	507,136	315,165	(370,483)	934,032
Benefit payments	(9,621,983)	(8,966,151)	(8,597,418)	(7,936,704)	(7,250,975)
Trust administrative expenses	(12,404)	(10,822)	(8,185)	(8,076)	(6,875)
Net change in plan fiduciary net position	\$ 792,113	\$ 751,314	\$ 561,980	\$ (123,559)	\$ 1,182,157
Plan fiduciary net position - end of year	\$ 6,484,003	\$ 5,691,890	\$ 4,940,576	\$ 4,378,596	\$ 4,502,155
Net OPEB Liability - end of year	\$ 134,767,994	\$ 119,567,664	\$ 112,154,659	\$ 110,115,938	\$ 119,724,599
Plan fiduciary net position as % of total OPEB liability	4.6%	4.5%	4.2%	3.8%	3.6%
Covered employee payroll	\$ 18,723,030	\$ 18,177,699	\$ 15,282,298	\$ 16,277,453	N/A
Net OPEB liability as % of covered payroll	719.8%	657.8%	733.9%	676.5%	N/A

* FY 2024/25 covered employee payroll is estimated based on FY 2023/24 payroll increased by the payroll growth assumption (3.00%). Historical payrolls were estimated when actuals were not available. FY 2024/25 contributions/benefit payments include \$8,113,675 actual pay-as-you-go costs and \$1,508,308 estimated implicit subsidy benefit payments. The difference between the expected and actual benefit payments are included in the experience gain/loss.

GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)

OPEB Liability	FY 2019/20	FY 2018/19	FY 2017/18
Total OPEB Liability			
Total OPEB Liability - beginning of year	\$ 154,587,225	\$ 293,762,529	\$ 292,444,267
Service cost	893,637	3,712,605	4,136,989
Interest	11,124,998	10,543,163	10,324,169
Change of benefit terms	0	0	0
Changes in assumptions	7,874,620	(88,984,720)	(2,765,110)
Differences between expected and actual experience	(39,438,580)	(55,772,490)	(1,361,775)
Benefit payments	(8,389,421)	(8,742,467)	(9,016,012)
Net change in total OPEB liability	\$ (27,934,746)	\$ (139,243,909)	\$ 1,318,261
Total OPEB Liability - end of year	\$ 126,652,479	\$ 154,518,620	\$ 293,762,528
Plan Fiduciary Net Position			
Plan fiduciary net position - beginning of year	\$ 3,000,000	\$ 0	\$ 0
Contributions - employer	8,644,421	11,742,467	9,016,012
Contributions - active employees	0	0	0
Net investment income	70,503	0	0
Benefit payments	(8,389,421)	(8,742,467)	(9,016,012)
Trust administrative expenses	(5,505)	0	0
Net change in plan fiduciary net position	\$ 319,998	\$ 3,000,000	\$ 0
Plan fiduciary net position - end of year	\$ 3,319,998	\$ 3,000,000	\$ 0
Net OPEB Liability - end of year	\$ 123,332,481	\$ 151,518,620	\$ 293,762,528
Plan fiduciary net position as % of total OPEB liability	2.6%	1.9%	0.0%
Covered employee payroll	N/A	\$ 10,625,983	\$ 10,465,328
Net OPEB liability as % of covered payroll	N/A	1,425.9%	2,807.0%

* Historical payrolls were estimated when actuals were not available.

GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the City's financial statements.

	FY 2024/25	FY 2023/24	FY 2022/23	FY 2021/22	FY 2020/21
Actuarially Determined Contribution (ADC)	\$ 9,975,035	\$ 9,053,859	\$ 7,614,106	\$ 7,936,704	\$ 8,770,402
Contributions in relation to the ADC	9,876,983	9,221,151	8,852,418	8,191,704	7,505,975
Contribution deficiency/(excess)	\$ 98,052	\$ (167,292)	\$ (1,238,312)	\$ (255,000)	\$ 1,264,427
Covered employee payroll	\$ 18,723,030	\$ 18,177,699	\$ 15,282,298	\$ 16,277,453	N/A
Contribution as a % of covered payroll	52.8%	50.7%	57.9%	50.3%	N/A
	FY 2019/20	FY 2018/19			
Actuarially Determined Contribution (ADC)	\$ 10,916,727	\$ 16,922,687			
Contributions in relation to the ADC	8,644,421	11,742,467			
Contribution deficiency/(excess)	\$ 2,272,306	\$ 5,180,220			
Covered employee payroll	N/A	\$ 10,625,983			
Contribution as a % of covered payroll	N/A	110.5%			

GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

OPEB Expense

OPEB Expense	FY 2024/25	FY 2023/24
Discount Rate		
Beginning of year	6.93%	7.00%
End of year	6.93%	6.93%
Service cost	\$ 696,289	\$ 599,257
Interest	8,400,923	7,930,107
Change of benefit terms	0	0
Projected earnings on OPEB plan investments	(402,713)	(354,242)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	12,404	10,822
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ 6,077,200	\$ 2,504,535
Changes in assumptions	6,481,961	3,231,906
Net difference between projected and actual earnings on OPEB plan investments	(54,124)	7,036
Total current period recognition	\$ 12,505,037	\$ 5,743,477
Total OPEB expense	\$ 21,211,940	\$ 13,929,421

GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense :

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2025
June 30, 2018	\$ (1,361,775)	3	\$ 0	\$ 0
June 30, 2019	\$ (55,772,490)	2	\$ 0	\$ 0
June 30, 2020	\$ (39,438,580)	3	\$ 0	\$ 0
June 30, 2021	\$ (7,418,379)	3	\$ 0	\$ 0
June 30, 2022	\$ (21,232,557)	2	\$ 0	\$ 0
June 30, 2023	\$ 2,871,777	2	\$ 0	\$ 0
June 30, 2024	\$ 2,137,294	2	\$ 1,068,647	\$ 0
June 30, 2025	\$ 10,017,105	2	\$ 5,008,553	\$ 5,008,552

GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Deferred Outflows / (Inflows) of Resources (Continued)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2025
June 30, 2018	\$ (2,765,110)	3	\$ 0	\$ 0
June 30, 2019	\$ (88,984,720)	2	\$ 0	\$ 0
June 30, 2020	\$ 7,874,620	3	\$ 0	\$ 0
June 30, 2021	\$ 2,665,604	3	\$ 0	\$ 0
June 30, 2022	\$ 12,049,282	2	\$ 0	\$ 0
June 30, 2023	\$ 0	N/A	\$ 0	\$ 0
June 30, 2024	\$ 6,463,812	2	\$ 3,231,906	\$ 0
June 30, 2025	\$ 6,500,109	2	\$ 3,250,055	\$ 3,250,054

Net Difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2025
June 30, 2021	\$ (681,055)	5	\$ (136,211)	\$ 0
June 30, 2022	\$ 710,305	5	\$ 142,061	\$ 142,061
June 30, 2023	\$ (171)	5	\$ (34)	\$ (69)
June 30, 2024	\$ (152,894)	5	\$ (30,579)	\$ (91,736)
June 30, 2025	\$ (146,804)	5	\$ (29,361)	\$ (117,443)

GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Deferred Outflows / (Inflows) of Resources (Continued)

As of fiscal year ending June 30, 2025	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 5,008,552	\$ 0
Changes in assumptions	3,250,054	0
Net difference between projected and actual earnings in OPEB plan investments	0	(67,187)
Total	\$ 8,258,606	\$ (67,187)

Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2025 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2026	\$ 8,340,693
2027	\$ (59,975)
2028	\$ (59,939)
2029	\$ (29,360)
2030	\$ 0
Thereafter	\$ 0

GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Sensitivity Results

The following presents the Net OPEB Liability as of June 30, 2025, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 6.93%.
- The 1% decrease in discount rate would be 5.93%.
- The 1% increase in discount rate would be 7.93%.

As of June 30, 2025	Net OPEB Liability
1% Decrease	\$ 149,668,529
Current Discount Rate	\$ 134,767,994
1% Increase	\$ 122,238,655

The following presents the Net OPEB Liability as of June 30, 2025, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.00%, decreasing to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.00%, decreasing to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 9.00%, decreasing to an ultimate rate of 5.50%.

As of June 30, 2025	Net OPEB Liability
1% Decrease	\$ 121,098,874
Current Trend Rates	\$ 134,767,994
1% Increase	\$ 151,034,243

* The above trend rates display the pre 65 rates, the post 65 trend rates start at 6.50%, decreasing annually by 0.25% to an ultimate rate of 4.50%. Dental/Vision trend rates are a 4.00% per year. The sensitivity results above account for 1% increases/decreases in these rates as well.

GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Asset Information

Asset Breakdown	FY 2023/24	FY 2024/25
Assets		
Cash and deposits	\$ 0	\$ 0
Securities lending cash collateral	0	0
Total cash	\$ 0	\$ 0
Receivables		
Contributions	\$ 255,000	\$ 255,000
Accrued interest	0	0
Total receivables	\$ 255,000	\$ 255,000
Investments		
Fixed income	\$ 0	\$ 0
Equities	0	0
Mutual Funds	5,436,890	6,229,003
Total investments	\$ 5,436,890	\$ 6,229,003
Total Assets	\$ 5,691,890	\$ 6,484,003
Liabilities		
Payables		
Investment management fees	\$ 0	\$ 0
Securities lending expense	0	0
Total liabilities	\$ 0	\$ 0
Net Position Restricted to OPEB	\$ 5,691,890	\$ 6,484,003

* Assets shown as the end of the fiscal year

GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Asset Information (Continued)

Asset Reconciliation	FY 2023/24	FY 2024/25
Additions		
Contributions Received		
Employer	\$ 9,221,151	\$ 9,876,983
Active employees	0	0
Total contributions	\$ 9,221,151	\$ 9,876,983
Investment Income		
Net increase in fair value of investments	\$ 507,136	\$ 549,517
Interest and dividends	0	0
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 507,136	\$ 549,517
Total additions	\$ 9,728,287	\$ 10,426,500
Deductions		
Benefit payments	\$ 8,966,151	\$ 9,621,983
Administrative expenses	10,822	12,404
Other	0	0
Total deductions	\$ 8,976,973	\$ 9,634,387
Net increase in net position	\$ 751,314	\$ 792,113
Net position restricted to OPEB		
Beginning of year	\$ 4,940,576	\$ 5,691,890
End of year	\$ 5,691,890	\$ 6,484,003

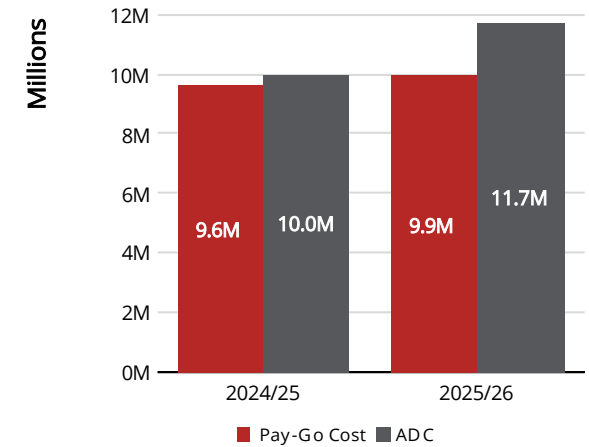
* Assets shown as the end of the fiscal year

Actuarially Determined Contributions

City of Taylor Interim GASB 74/75 Valuation For Fiscal Year Ending June 30, 2025

	FY 2024/25	FY 2025/26
Discount rate (Funding)	6.93%	6.93%
Payroll growth factor used for amortization	3.00%	3.00%
Amortization type	Level % of Salary	Level % of Salary
Amortization period (years)	19	18
Actuarial Accrued Liability (AAL) - beginning of year	\$ 125,259,554	\$ 141,251,997
Actuarial Value of Assets (AVA) - beginning of year	(5,691,890)	(6,484,003)
Unfunded AAL - beginning of year	\$ 119,567,664	\$ 134,767,994
Normal Cost	\$ 696,289	\$ 866,878
Amortization of Unfunded AAL	8,632,276	10,101,354
Total normal cost plus amortization	\$ 9,328,565	\$ 10,968,232
Interest to end of year	646,470	760,098
Actuarially Determined Contribution	\$ 9,975,035	\$ 11,728,330
Expected Benefit Payments	9,621,983	9,947,101

Cash Vs Accrual Accounting



Actuarially Determined Contribution (ADC) is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

Projection of GASB Disclosures

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

The Total OPEB Liability (TOL) is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the total OPEB liability and whether they increase or decrease the liability.

Expected Events

- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

Unexpected Events

- Increases in TOL when actual health care costs increase more than expected. A liability decrease occurs when the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

Projection of Total OPEB Liability (TOL)	FY 2024/25	FY 2025/26
TOL as of beginning of year	\$ 125,259,554	\$ 141,251,997
Normal cost as of beginning of year	696,289	866,878
Exp. benefit payments during the year	(9,621,983)	(9,947,101)
Interest adjustment to end of year	8,400,923	9,509,944
Exp. TOL as of end of year	\$ 124,734,783	\$ 141,681,718
Actuarial Loss / (Gain)	16,517,214	TBD
Actual TOL as of end of year	\$ 141,251,997	\$ TBD
Discount rate as of beginning of year	6.93%	6.93%
Discount rate as of end of year	6.93%	TBD

Projection of Actuarial Value of Assets (AVA)	FY 2024/25	FY 2025/26
AVA as of beginning of year	\$ 5,691,890	\$ 6,484,003
Exp. employer contributions during the year	9,876,983	10,202,101
Exp. benefit payments during the year	(9,621,983)	(9,947,101)
Expected investment income	402,713	457,548
Exp. Trust administrative expenses	(12,404)	(14,130)
Exp. AVA as of end of year	\$ 6,337,199	\$ 7,182,421
Differences between expected and actual experience	146,804	TBD
AVA as of end of year	\$ 6,484,003	\$ TBD
Expected asset return as of beginning of year	6.93%	6.93%
Expected asset return as of end of year	6.93%	TBD

Discussion of Discount Rates

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

1. The plan is identified as an Agent Multiple-Employer Defined Benefit OPEB Plan. The long-term expected rate of return on OPEB plan investment is assumed to be 6.93%. As of June 30, 2025, the expected nominal rate of return for MERS Total Market Portfolio is 6.93% with a 2.50% assumed rate of inflation. This was determined using a building block method in which expected future rate of returns are developed for each major asset class. The best estimates of arithmetic return for each portfolio included in the Plan's target allocation as of June 30, 2025 are summarized in the following table.

Asset Class	Target Location	L/T Expected ROR
Global Equity	60.0%	7.00%
Global Fixed Income	20.0%	4.50%
Private Investments	20.0%	9.50%
Total	100.00%	6.93%

2. The Annual Money-Weighted Rate of Return for the portfolio as of June 30, 2025 is 9.75%. This is net of investment expenses and adjusted for the timing of changing amounts invested throughout the year.

3. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Yield as of	June 30, 2024	June 30, 2025
Bond Buyer Go 20-Bond Municipal Bond Index	3.93%	5.20%
S&P Municipal Bond 20-Year High Grade Rate Index	4.21%	4.81%
Fidelity 20-Year Go Municipal	3.97%	4.71%
Bond Index Range	3.93% - 4.21%	4.71% - 5.20%

4. The final equivalent single discount rate used for this year's valuation is 6.93%. This discount rate is determined with the assumption that employer contributions will be made in accordance with the City's Retiree Health Program Funding Projections dated December 21, 2018. For fiscal years ending 2025 through 2039, this includes a contribution equal to the benefit payments plus an additional contribution of \$255,000. For fiscal years ending 2040 through 2048, this includes a contribution equal to the benefit payments (capped at \$12,255,000) plus an additional contribution of \$7,000,000. The City is assumed to make additional contributions to keep sufficient plan assets to pay all benefits from the trust.

Summary of Key Actuarial Assumptions

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

For a complete summary of actuarial methods and assumptions, refer to the GASB 74/75 actuarial valuation report for the fiscal year ending June 30, 2024.

Measurement Date	For fiscal year ending June 30, 2025, a June 30, 2025 measurement date was used.
Actuarial Valuation Date	July 1, 2024 Liabilities as of June 30, 2025 are based on an actuarial valuation date of July 1, 2024 projected to June 30, 2025, on a rolled forward basis with adjustments for actual premium and health care trend rates. Liabilities as of June 30, 2024 are based on an actuarial valuation date of July 1, 2024 with no adjustments to get to the June 30, 2024 measurement date.
Discount Rate	6.93% as of June 30, 2025 and 6.93% as of June 30, 2024 for accounting disclosure purposes. Refer to the Discussion of Discount Rates section for more information on selection of the discount rate, which is determined by the Plan Sponsor in concurrence with Nyhart.
Long-Term Rate of Return	The long-term expected rate of return on the OPEB plan investment is assumed to be 6.93% as of June 30, 2025 and 6.93% as of June 30, 2024. Refer to the Discussion of Discount Rates section for more information.
Cost Method	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: <ul style="list-style-type: none">• Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and• Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.
Employer Funding Policy	The City of Taylor is prefunding retiree health benefits consistent with the Retiree Health Program Funding Projections dated December 21, 2018. Under this funding plan, the City would continue to pay the cost of providing benefits to retirees and their dependents plus the normal cost associated with groups that are still 'open' to new hires in the future. For fiscal years ending 2019 through 2039, the prefunding contributions are \$3,000,000 for 2019 and \$255,000 thereafter. For fiscal years ending 2040 through 2048, the prefunding contributions are \$7,000,000 per year. Nyhart did not complete these projections and therefore does not accept responsibility for its accuracy but are relying on its results in order to determine the valuation discount rate. The City is assumed to make additional contributions to keep sufficient plan assets to pay all benefits from the trust.

Summary of Key Actuarial Assumptions

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Payroll Growth

3.00% for wage inflation plus merit / productivity growth as shown in the table below. The payroll growth assumption is based on the MERS valuation as of December 31, 2023. The assumptions from these state-wide valuations provide reasonable estimates of experience for municipal employers such as the City of Taylor.

% Increase in Salary at Sample Ages			
Sample Years of Service	Base (Economic)	Merit & Longevity	Increase Next Year
0	3.00%	6.70%	9.70%
5	3.00%	1.90%	4.90%
10	3.00%	1.10%	4.10%
15	3.00%	0.70%	3.70%
20	3.00%	0.60%	3.60%
25	3.00%	0.40%	3.40%
30	3.00%	0.20%	3.20%
35	3.00%	0.10%	3.10%
40+	3.00%	0.00%	3.00%

Summary of Key Actuarial Assumptions

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Health Care Trend Rates

FYE	Pre-65	Post-65	FYE	Pre-65	Post-65
2025	*	*	2033	6.25%	4.75%
2026	8.00%	6.50%	2034	6.00%	4.50%
2027	7.75%	6.25%	2035	5.75%	4.50%
2028	7.50%	6.00%	2036	5.50%	4.50%
2029	7.25%	5.75%	2037	5.25%	4.50%
2030	7.00%	5.50%	2038	5.00%	4.50%
2031	6.75%	5.25%	2039	4.75%	4.50%
2032	6.50%	5.00%	2040	4.50%	4.50%

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

*Includes actual premium changes from FY 2024/25 to FY 2025/26.

The post-65 trends accounted for the potential impact of Medicare Payment Reform and the Inflation Reduction Act of 2022 (IRA) on Medicare Advantage plans, which will take effect in 2026, based on the April 7, 2025, Centers for Medicare & Medicaid Services (CMS) release of the CY 2026 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies. The final policies are projected to increase MA payments to plans in CY 2026 by 5.06% which should help stabilize 2026 premium increases. Pharmaceutical tariffs are under discussion but not yet implemented; while they could increase costs beyond assumed trends, these potential costs are not in this valuation. Due to the lack of data and the evolving nature of these policies, it is challenging to accurately quantify their potential effects at this time. Nyhart will continue to monitor CMS payment policies and adjust future trends as needed.

Dental/Vision Trend Rates

Dental and Vision are assumed to increase by 4.0% annually in the future, including actual premium changes from FY 2024/25 to FY 2025/26.

Retiree Contributions

Retiree contributions are assumed to increase according to health care trend rates.

Actuary's Notes

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

There has not been substantive plan provision change since the last valuation, which was for the fiscal year ending June 30, 2024. Interim year valuation results have been projected from the prior year valuation with the following adjustments:

1. The health care trend rates for FY 2024/25 have been adjusted for actual premium changes from FY 2024/25 to FY 2025/26. The impact of this change is an increase in liabilities.
2. The health care trend rates have been updated starting in FY 2025/26 to an initial rate of 8.00% decreasing annually by 0.25% to an ultimate rate of 4.50% for Pre-65 benefits, and an initial rate of 6.50% decreasing annually by 0.25% to ultimate rate of 4.50% for Post-65 benefits. Making this change resulted in an increase in liabilities. Rising GLP-1 drug (diabetic/weight loss drugs) usage is driving increased pre-65 trends. The initial trend rate considered employer history, national trends, professional judgment, and data from government agencies. Healthcare cost trend rates integrated these factors and additionally incorporated both short-term and long-term expectations.
3. The Plan experienced an actuarial asset gain. This gain was driven by the City's \$255,000 contribution to the fund and actual investment return of 9.75%, which exceeded the actuarial long-term expected rate of return of 6.93%.
4. The actual pay-as-you-go-costs for 2024/25 were larger than expected and resulted an increase in liabilities. The Difference between the expected and actual benefit payments is included in the experience gain/loss.

Medical Plans

Benefit options available to retirees vary by employer group and design features. Certain options are only available to current retirees and not to future retirees. Premiums used in the valuation are assumed to include HRA benefits. Retirees have separate premium rates from active employees and only retiree rates are shown below. Plans that did not have enrollees as of 7/1/2024 are not shown below. All health plans are fully insured and experience-rated apart from post-Medicare prescription drug benefits which are self-insured. Post-Medicare retirees are required to enroll in Medicare once eligible. Premiums are calculated based on the weighted average increase rates effective on July 1, 2025 assumes 65% will enroll in BCBS options, 25% will enroll in HAP options, and 10% will enroll in BCN options. The monthly premium rates by plan effective on July 1, 2025 and July 1, 2024 (January 1, 2025 for post-Medicare options) are as shown below.

2025 Premiums Amounts

HAP Plans	Single	2-Person	BCBS Plans	Single	2-Person
HAP 2101 (Pre-65)	\$ 1,282.88	\$ 2,920.16	BCBS 601 (Post-65)	\$ 538.65	\$ 1,077.30
HAP 2201 (Pre-65)	\$ 1,304.10	\$ 1,968.98	BCBS 602 (Post-65)	\$ 533.55	\$ 1,067.10
HAP 2501 (Pre-65)	\$ 1,445.99	\$ 3,295.35	BCBS 603 (Post-65)	\$ 519.45	\$ 1,038.90
HAP 3001 (Pre-65)	\$ 1,282.70	\$ 2,919.77	BCBS 604 (Post-65)	\$ 514.55	\$ 1,029.10
HAP 3101 (Pre-65)	\$ 1,285.54	\$ 2,926.32	BCBS 605 (Post-65)	\$ 506.65	\$ 1,013.30
HAP 3401 (Pre-65)	\$ 1,427.53	\$ 3,252.87	BCBS 29/30 (Pre-65)	\$ 1,260.67	\$ 2,993.51
HAP 1101 (Post-65)	\$ 1,732.59	\$ 3,984.94	BCBS 31/32 (Pre-65)	\$ 1,255.60	\$ 2,981.30

Actuary's Notes

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

2025 Premium Amounts

BCN Plans			BCBS Plans		
	Single	2-Person		Single	2-Person
BCN 003-003 (Pre-65)	\$ 660.67	\$ 1,553.33	BCBS 34 (Pre-65)	\$ 1,258.82	\$ 2,989.03
BCN 003-009 (Pre-65)	\$ 664.74	\$ 1,563.09	BCBS 36 (Pre-65)	\$ 1,225.76	\$ 2,909.67
BCN 005/006 (Pre-65)	\$ 673.53	\$ 1,584.20	BCBS 37/73 (Pre-65)	\$ 1,215.20	\$ 2,884.33
BCN 004-001 (Pre-65)	\$ 681.41	\$ 1,603.10	BCBS 39 (Pre-65)	\$ 1,256.26	\$ 2,982.90
BCN 005-004 (Pre-65)	\$ 651.08	\$ 1,530.32	BCBS 40 (Pre-65)	\$ 1,251.10	\$ 2,970.52
			BCBS 42 (Pre-65)	\$ 1,231.92	\$ 2,924.49
			BCBS 63/65 (Pre-65)	\$ 1,215.95	\$ 2,886.13
			BCBS 81 (Pre-65)	\$ 1,189.53	\$ 2,822.73
			Dental	\$ 92.48	\$ 184.96
			Vision		
			Division 0001	\$ 5.85	\$ 11.71
			Division 0002	\$ 4.47	\$ 8.43

Humana Plans		
	Single	2-Person
Humana Plan 2	\$ 488.32	\$ 976.64
Humana Plan 3	\$ 463.96	\$ 927.92
Humana Plan 4	\$ 422.55	\$ 845.10
Humana Plan 5	\$ 378.73	\$ 757.46
Humana Plan 6	\$ 382.33	\$ 764.66

Actuary's Notes

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

2024 Premiums Amounts

<u>HAP Plans</u>			<u>BCBS Plans</u>		
	<u>Single</u>	<u>2-Person</u>		<u>Single</u>	<u>2-Person</u>
HAP 2101 (Pre-65)	\$ 1,157.29	\$ 2,636.12	BCBS 601 (Post-65)	\$ 531.73	\$ 1,063.46
HAP 2201 (Pre-65)	\$ 1,176.58	\$ 2,680.53	BCBS 602 (Post-65)	\$ 514.32	\$ 1,028.64
HAP 2501 (Pre-65)	\$ 1,305.71	\$ 2,977.51	BCBS 603 (Post-65)	\$ 480.89	\$ 961.78
HAP 2701 (Pre-65)	\$ 1,593.37	\$ 3,664.73	BCBS 604 (Post-65)	\$ 420.76	\$ 841.52
HAP 3001 (Pre-65)	\$ 1,157.13	\$ 2,635.76	BCBS 605 (Post-65)	\$ 416.07	\$ 832.14
HAP 3101 (Pre-65)	\$ 1,159.71	\$ 2,641.72	BCBS 29/30 (Pre-65)	\$ 976.59	\$ 2,314.44
HAP 3401 (Pre-65)	\$ 1,288.91	\$ 2,938.86	BCBS 31/32 (Pre-65)	\$ 969.36	\$ 2,297.11
HAP 1101 (Post-65)	\$ 1,576.54	\$ 3,626.03	BCBS 34 (Pre-65)	\$ 971.13	\$ 2,301.37
			BCBS 36 (Pre-65)	\$ 941.05	\$ 2,229.16
			BCBS 37/73 (Pre-65)	\$ 931.02	\$ 2,205.10
			BCBS 39 (Pre-65)	\$ 961.94	\$ 2,279.29
			BCBS 40 (Pre-65)	\$ 961.01	\$ 2,277.06
			BCBS 42 (Pre-65)	\$ 948.37	\$ 2,246.70
			BCBS 63/65 (Pre-65)	\$ 932.54	\$ 2,208.74
			BCBS 81 (Pre-65)	\$ 911.42	\$ 2,158.02
			Dental¹	\$ 92.48	\$ 184.96
<u>BCN Plans</u>			<u>Vision</u>		
	<u>Single</u>	<u>2-Person</u>		<u>Single</u>	<u>2-Person</u>
BCN 003 (Pre-65)	\$ 536.16	\$ 1,258.70	Division 0001	\$ 5.52	\$ 11.05
BCN 003-009 (Pre-65)	\$ 541.60	\$ 1,271.72	Division 0002	\$ 4.22	\$ 7.95
BCN 005-004 (Pre-65)	\$ 531.81	\$ 1,248.25			
BCN 005/006 (Pre-65)	\$ 545.85	\$ 1,281.93			
BCN 004-001 (Pre-65)	\$ 550.16	\$ 1,292.26			
<u>Humana Plans</u>					
	<u>Single</u>	<u>2-Person</u>			
Humana Plan 2	\$ 471.82	\$ 943.64			
Humana Plan 3	\$ 448.08	\$ 896.16			
Humana Plan 4	\$ 407.53	\$ 815.06			
Humana Plan 5	\$ 363.67	\$ 727.34			
Humana Plan 6	\$ 367.26	\$ 734.52			

¹ Dental rates are shown for the period of July 1, 2022, through June 30, 2024. The rates have been adjusted for trend in our valuation.

Appendix

City of Taylor Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

PA 202 Uniform Assumption Disclosures

The information presented below is for the purposes of filing Form No. 5572 under PA 202 uniform assumption requirements. Per regulation, Form No. 5572 must be filed no later than six months after the end of the fiscal year. Governmental fund revenues are not shown below and should be determined by the City. Refer to the Michigan Department of Treasury website for additional information.

Form 5572 Line	Description	City of Taylor
Line 28	Actuarial Value of Assets	\$ 6,484,003
Line 29	Actuarial Accrued Liability	\$ 134,337,547
Line 31	Actuarially Determined Contribution for FY 2024/25	\$ 9,614,366

Line 31 (Actuarially Determined Contribution) was calculated using level % of pay amortization with a 6.90% discount rate. The amortization period is a closed, 30-year period with 19 years remaining in FY 2024/25. Please refer to the PA 202 Uniform Assumption Disclosures from the GASB 74/75 valuation for the fiscal year ending June 30, 2024, for other assumptions.

Under PA 202 requirements, uniform assumption setting is mandated in reporting of liabilities, assets, and ADC. The following is a description of the PA 202 uniform assumption guidance and final assumption used for the City for purposes of calculating the figures above.

Assumption	Uniform Assumption Guidance	City Assumption
Investment Rate of Return	Maximum of 7.00%	6.93% (for funding/ADC purposes)
Discount Rate	Blended discount rate calculated per GASB 74/75: <ul style="list-style-type: none"> Maximum of 7.00% where plan assets are sufficient to make projected benefit payments Maximum of 3.93% for periods where assets are insufficient to make projected benefit payments 	6.93% (for calculation of the OPEB liability)
Salary Increase	Minimum of 3.65% or based on actuarial experience study within the past 5 years	Minimum of 3.65% but a flat 3.65% payroll growth for general employees
Mortality Table	A version of the Pub-2010 mortality tables with future mortality improvement projected generationally using Scale MP-2021 or based on actuarial experience study within the past 5 years	Pub-2010 tables with Scale MP-2021
Amortization Period	Maximum closed period of 24 years for Retiree Health Systems	For FY 2024/25, 19 years on a closed period basis. For FY 2025/26, 18 years on a closed period basis.
Asset Valuation	Market Value as reported on Financial Statements	Same as the GASB 74/75 valuation
Healthcare Inflation	Non-Medicare: 7.50% decreasing 0.25% per year to a 4.50% long-term rate Medicare: 5.75% decreasing 0.25% per year to a 4.50% long-term rate	Same as PA 202 uniform assumption