City of Taylor General Employees' Retirement System

Financial Report
with Supplementary Information
December 31, 2023

Contents

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Independent Auditor's Report

To the Board of Trustees
City of Taylor General Employees'
Retirement System

Opinion

We have audited the financial statements of City of Taylor General Employees' Retirement System (the "System") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the System as of December 31, 2023 and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

PRAXITY™ Empowering Business Globally

To the Board of Trustees
City of Taylor General Employees'
Retirement System

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante & Moran, PLLC

December 18, 2024

As management of City of Taylor General Employees' Retirement System (the "System"), we offer readers this narrative overview and analysis of the financial activities for the year ended December 31, 2023. Please read this in conjunction with the financial statements.

Using This Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Overall Fund Structure and Objectives

City of Taylor General Employees' Retirement System is a single-employer defined benefit pension plan that provides pensions for all employees of the City of Taylor, Michigan (the "City") other than court, police, and fire employees. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan is currently closed to new members.

The System's Net Position

The table below shows, in a condensed format, the net position as of December 31, 2023 and 2022:

	2023	2022
Assets		
Current and other assets:		
Cash and investments - Cash and cash equivalents	$ 51,249,666	$ 42,902,721
Receivables	129,263	66,315
Total assets	51,378,929	42,969,036
Liabilities - Current liabilities - Due to other governmental units	3,984,260	-
Net Position - Restricted	**$ 47,394,669**	**$ 42,969,036**

Total assets increased by approximately $8 million during the current year, primarily due to positive investment performance and market conditions.

The System's Changes in Net Position

	2023	2022
Additions		
Investment income (loss)	$ 6,771,256	$ (6,542,020)
Contributions	4,250,154	4,293,029
Total additions - Net	11,021,410	(2,248,991)
Deductions	6,595,777	6,511,200
Net Increase (Decrease) in Fiduciary Net Position	4,425,633	(8,760,191)
Net Position - Beginning of year	42,969,036	51,729,227
Net Position - End of year	**$ 47,394,669**	**$ 42,969,036**

The 2023 change in fiduciary net position was an increase of $4,425,633 compared to the prior year's decrease of $8,760,191. The $13,185,824 increase in the annual change is due to investment income, which was significantly higher because of the performance from the investment markets during 2023.

Asset Allocation

The System has established asset allocation policies that are designed to deliver sufficient investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the System. The following is a summary of the System’s asset allocation as of December 31, 2023:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.0 %	5.9 %
International equity	15.0	6.6
Fixed income	21.0	1.8
International fixed income	4.0	3.5
Real estate	5.0	4.0
Other assets	10.0	5.4

Investment Results

The System’s long-term assumed rate of return is 7 percent. In any given year, the System expects its actual returns to fluctuate with the overall market. For the current year, the System achieved a money-weighted rate of return of 16.18 percent.

Economic Factors

In 2023, the S&P saw an increase of 24 percent. Treasury bond yields in 2023 increased (3.95 percent for a 10-year yield).

It is important to note that the System's purpose is to manage its resources to provide benefit payments to the System's participants. Through the portfolio's asset allocation, the trustees have positioned the portfolio for this investment objective, tailoring the allocation to take into consideration the funding of the System and the fact that the System has been closed to new participants. In addition, the trustees carefully monitor the performance of the portfolio and will take the necessary corrective actions to ensure acceptable investment results.

Requests for Further Information

This financial report is intended to provide a general overview of the System’s finances and demonstrate the System’s accountability for the money it receives. If you have questions about this report or need additional information, please contact the City of Taylor, Michigan clerk office at 23555 Goddard Road, Taylor, MI 48140.

Statement of Fiduciary Net Position

	December 31, 2023
Assets	
Cash and cash equivalents (Note 4)	$ 6,103,947
Investments: (Notes 4 and 5)	
U.S. government securities	3,586,282
Agency securities	4,611,627
Common and preferred stocks	4,522,775
Corporate bonds	936,610
Mutual funds	24,582,292
Partnerships	6,906,133
Receivables:	
Accrued interest receivable	86,229
Other receivables	43,034
Total assets	51,378,929
Liabilities - Due to other governmental units	3,984,260
Net Position - Restricted for pensions	**$ 47,394,669**

See notes to financial statements.

Statement of Changes in Fiduciary Net Position

	Year Ended December 31, 2023
Additions	
Investment income (loss):	
Interest and dividends	$ 1,825,677
Net increase in fair value of investments	5,068,134
Investment-related expenses	(122,555)
Net investment income	6,771,256
Contributions:	
Employer contributions	3,488,723
Employee contributions	109,903
Contributions from nonemployer contributing entity	651,528
Total contributions	4,250,154
Total additions	11,021,410
Deductions	
Benefit payments	6,565,663
General and administrative expenses	30,114
Total deductions	6,595,777
Net Change in Net Position	4,425,633
Net Position - Beginning of year	42,969,036
Net Position - End of year	**$ 47,394,669**

See notes to financial statements.

Note 1 - Significant Accounting Policies

Reporting Entity

City of Taylor General Employees' Retirement System (the "System") is a single-employer defined benefit pension plan that provides pensions for all eligible employees of the City of Taylor, Michigan (the "City") other than court, police, and fire employees. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The assets of the pension trust fund include no securities of or loans to the City or any other related party.

Accounting and Reporting Principles

The System follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the System:

Basis of Accounting

The System's financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. Contributions are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and external investment pools, which are valued at amortized cost.

Investments

Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost. Investments that do not have an established market value are reported at estimated fair value, as determined by the System's management. These estimates are determined using audited financial statements issued by the private equity companies or limited partnerships in which such investments are held, adjusted by management as deemed appropriate based on known circumstances.

Approximately 15 percent of the System's investments are not publicly traded and, therefore, do not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Pension Plan

Plan Description

As described in Note 1, the City of Taylor General Employees' Retirement System board of trustees administers the System, a single-employer defined benefit pension plan that provides benefits for all eligible employees of the City of Taylor, Michigan other than court, police, and fire employees. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

Management of the plan is vested in the pension board of trustees, which consists of six members - three appointed by the City of Taylor, Michigan and three members elected by the participating unions. Based on the required criteria, the System has no component units and is not a component unit of any other entity.

Benefits Provided

City of Taylor General Employees' Retirement System provides retirement, disability, and death benefits. Retirement benefits for general plan members are based on average final compensation and are calculated as follows:

Local 1128 AFCSME and Local 1917 members hired prior to August 4, 1988: Straight-life pension equals 55 percent of average final compensation (AFC).

Taylor Governmental Management and Administrative Employees Association members hired prior to May 18, 1988: Straight-life pension equals 30 percent of average final compensation after 4 years of service, increasing by 6.25 percent each year until 8 years, at which time the pension equals 55 percent of AFC until 13 or more years of service, at which time the pension equals 65 percent of AFC.

Elected officials elected before November 27, 1989: Straight-life pension equals 30 percent of average final compensation after 4 years of service, increasing by 6.25 percent each year until 8 years of service, at which time the pension equals 55 percent of AFC.

Local 1128 AFCSME and Local 1917 members hired on or after August 4, 1988: Straight-life pension equals 2.2 percent of average final compensation per year of service to a maximum of 25 years of service.

Taylor Governmental Management and Administrative Employees Association members hired on or after May 18, 1988: Straight-life pension equals 30 percent of final average earnings (FAE) for service accrued before January 1, 2011 after 5 years of service, increasing by 2.25 percent each year until 12 years, at which time the percentage rate equals 47.5 percent. The pension then increases in years 13, 14, and 15 to 52.5, 60, and 65 percent, respectively, which is where the FAE is capped. The pension percentage increases by 2.25 percent for each year of service accrued after January 1, 2011, not to exceed 65 percent.

Elected officials elected on or after November 27, 1989, excluding city council officials elected on or after November 25, 1997; judges elected on or after October 1, 2008; and the mayor, clerk, and treasurer elected on or after November 8, 2005: Straight-life pension equals 30 percent of final average compensation after 5 years of service, increasing by 2.25 percent each year, not to exceed 55 percent.

Average final compensation is defined as the average of the employee's highest 5 years of earnings prior to retirement.

Note 2 - Pension Plan (Continued)

Local 1128 AFCSME and Local 1917 members hired prior to August 4, 1988 are eligible at the earlier of age 55 with 8 or more years of service (10 or more years if hired after August 1, 1982) or 25 years of service. Taylor Governmental Management and Administrative Employees Association members and elected officials elected before November 27, 1989 hired prior to May 18, 1988 are eligible at age 55 with 4 or more years of service or any age with 25 or more years of service. Local 1128 AFCSME and Local 1917 members hired on or after August 4, 1988 are eligible at age 55 with 10 or more years of service or age 50 and 25 or more years of service beginning on January 1, 2009. Employees hired after December 22, 2004 are not eligible to participate. Taylor Governmental Management and Administrative Employees Association members hired on or after May 18, 1988 are eligible at age 55 with 5 or more years of service. Employees hired after March 6, 2001 are not eligible to participate. Elected officials elected on or after November 27, 1989, excluding city council officials elected on or after November 25, 1997; judges elected on or after October 1, 2008; and the mayor, clerk, and treasurer elected on or after November 8, 2005 are eligible at age 55 with 5 or more years of service.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2022
Inactive plan members or beneficiaries currently receiving benefits	243
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	34
Total employees covered by the plan	297

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the city charter, union contracts, and plan provisions. For the year ended December 31, 2023, the average active member contribution rate was 4.54 percent of annual pay, and the City's average contribution rate was 144.14 percent of annual payroll.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 2 - Pension Plan (Continued)

Best estimates of arithmetic real rates of return as of the December 31, 2023 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in Note 5, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00 %	5.87 %
International equity	15.00	6.57
Domestic fixed income	21.00	1.78
International fixed income	4.00	3.50
Real estate	5.00	4.02
Other assets	10.00	5.43

Investment Policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.18 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

In accordance with plan documents, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions, which are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 5.0 percent. For employees who terminate before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

The terminated vested reserve is to be computed annually by the actuary as the present value of estimated pension benefits payable to vested former members. Vested former members are defined as members who leave the City's employment for any reason other than retirement or death and are eligible for pension benefits. Once the vested former member retires, the balance is transferred into the retiree reserve.

There are no employer reserves as of December 31, 2023.

Note 2 - Pension Plan (Continued)

The balances of the reserve accounts at December 31, 2023 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	$ 67,580,841	$ 41,292,074
Employee reserve	1,553,726	1,553,726
Terminated vested reserve	4,548,869	4,548,869

Note 3 - Net Pension Liability of the City

The components of the net pension liability of the City of Taylor, Michigan at December 31, 2023 were as follows:

Total pension liability	$ 81,362,650
Plan fiduciary net position	47,394,669
System's net pension liability	$ 33,967,981
Plan fiduciary net position as a percentage of the total pension liability	58.25 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. The valuation used the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75%	
Salary increases	1.00%	Average, including inflation
Investment rate of return	7.00%	Net of pension plan investment expenses, including inflation

The mortality tables used to measure the total pension liability were as follows:

For healthy participants, the Pub-2010 mortality table projected generationally with Scale MP-2021 was used.

For disabled participants, the Pub-2010 disabled mortality table projected generationally with Scale MP-2021 was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent; however, the discount rate used at the beginning of the year was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City of Taylor, Michigan contributions be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1 Percentage Point Decrease (6%)	Current Discount Rate (7%)	1 Percentage Point Increase (8%)
Net pension liability of the System	$ 41,347,206	$ 33,967,981	$ 27,649,934

Note 4 - Deposits and Investments

The System is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed $250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The System has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The System's deposits and investments are in accordance with statutory authority.

The System has $6,103,945 in an investment pool that is recorded at amortized cost that is reported as cash and cash equivalents. There are no limitations or restrictions on participant withdrawals for the investment pool.

The System's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. At year end, the System had no bank deposits that were uninsured and uncollateralized and had $2 in its checking account. The System believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The System's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The System's investment policy does not restrict investment maturities other than fixed-income portfolios, which can only be purchased with less than a 20-year maturity.

At year end, the System had the following investments and maturities:

	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	$ 936,610	$ -	$ 128,876	$ 807,734	$ -
U.S. government securities	3,586,282	-	1,710,159	1,876,123	-
Agency securities	4,611,627	-	-	2,628,096	1,983,531
Pooled investment - Federated government obligation	6,103,945	6,103,945	-	-	-
Total	$ 15,238,464	$ 6,103,945	$ 1,839,035	$ 5,311,953	$ 1,983,531

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices, other than convertible securities, which should be rated B- or higher at time of purchase, and fixed-income securities, which should be rated BBB- or higher at time of purchase. In addition, asset-backed securities, mortgage-backed securities, and CMOs should be rated AAA at the time of purchase.

Note 4 - Deposits and Investments (Continued)

As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

	Fair Value	Rating	Rating Organization
Corporate bonds	$ 370,709	A	Fitch
Corporate bonds	565,901	A-	Fitch
Agency securities	4,611,627	AA+	Fitch
U.S. government securities	3,586,282	AA+	Fitch
Pooled investment - Federated government obligation	6,103,945	Not rated	Not rated

Note 5 - Fair Value Measurements

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The System has the following recurring fair value measurements as of December 31, 2023:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2023
Investments by fair value level:				
Agency bonds	$ -	$ 4,611,627	$ -	$ 4,611,627
Mutual funds	-	24,582,292	-	24,582,292
Corporate bonds	-	936,610	-	936,610
Stocks	4,522,775	-	-	4,522,775
Treasury bonds	-	3,586,282	-	3,586,282
Total	$ 4,522,775	$ 33,716,811	$ -	38,239,586
Investments measured at NAV:				
Equity long/short hedge funds				3,894,009
Debt obligation hedge funds				1,524,156
Real estate funds				1,487,968
Total investments measured at NAV				6,906,133
Total assets				$ 45,145,719

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Note 5 - Fair Value Measurements (Continued)

The fair value of agency bonds, common and corporate - not traded; corporate bonds; and Treasury bonds at December 31, 2023 was determined primarily based on Level 2 inputs. The System estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

Investments in Entities that Calculate Net Asset Value per Share

The System holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity long/short hedge funds	$ 3,894,009	$ -	N/A	N/A
Debt obligation hedge funds	1,524,156	-	N/A	N/A
Real estate funds	1,487,968	-	N/A	N/A

The equity long/short hedge fund class includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The debt obligation hedge fund class includes investments that focus primarily on debt obligations consisting of commercial mortgage loans, deeds of trust, and other real estate and/or debt-related investments. The fund's primary target investment is gap, transitional, or opportunistic financing. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

The real estate funds class includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the System’s ownership interest in partners’ capital.

Required Supplementary Information

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios

Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 100,822	$ 109,676	$ 167,516	$ 172,368	$ 173,696	$ 200,901	$ 239,266	$ 278,102	$ 306,468	$ 295,423
Interest	5,577,837	5,938,576	6,231,347	6,008,933	5,999,436	5,973,181	5,991,735	5,933,218	5,610,828	5,970,109
Differences between expected and actual experience	461,470	(5,715,463)	(1,799,819)	416,760	391,348	619,218	(216,865)	914,633	1,318,385	-
Changes in assumptions	1,670,490	(1,705,872)	3,677,263	2,736,561	(165,474)	(190,968)	27,101	-	3,166,569	-
Benefit payments, including refunds	(6,565,663)	(6,472,681)	(6,459,928)	(6,268,553)	(6,273,569)	(6,176,544)	(6,563,201)	(6,089,417)	(6,089,658)	(6,083,112)
Net Change in Total Pension Liability	1,244,956	(7,845,764)	1,816,379	3,066,069	125,437	425,788	(521,964)	1,036,536	4,312,592	182,420
Total Pension Liability - Beginning of year	80,117,694	87,963,458	86,147,079	83,081,010	82,955,573	82,529,785	83,051,749	82,015,213	77,702,621	77,520,201
Total Pension Liability - End of year	**$ 81,362,650**	**$ 80,117,694**	**$ 87,963,458**	**$ 86,147,079**	**$ 83,081,010**	**$ 82,955,573**	**$ 82,529,785**	**$ 83,051,749**	**$ 82,015,213**	**$ 77,702,621**
Plan Fiduciary Net Position										
Contributions - Employer	$ 3,488,723	$ 4,173,222	$ 4,177,172	$ 4,119,517	$ 3,964,651	$ 3,968,766	$ 3,720,318	$ 3,530,436	$ 3,259,165	$ 2,725,322
Contributions - Member	109,903	119,807	132,674	137,271	143,486	152,086	179,943	164,004	172,866	192,334
Net investment income (loss)	6,771,256	(6,542,020)	6,884,617	5,914,718	7,391,439	(1,650,303)	5,925,408	2,764,949	(115,718)	1,909,582
Administrative expenses	(30,114)	(38,519)	(57,767)	(51,099)	(103,703)	(54,571)	(121,699)	(65,781)	(206,733)	(127,101)
Benefit payments, including refunds	(6,565,663)	(6,472,681)	(6,459,928)	(6,268,553)	(6,273,569)	(6,176,544)	(6,563,201)	(6,089,417)	(6,089,658)	(6,083,112)
Other	651,528	-	-	-	-	-	-	-	-	(179,016)
Net Change in Plan Fiduciary Net Position	4,425,633	(8,760,191)	4,676,768	3,851,854	5,122,304	(3,760,566)	3,140,769	304,191	(2,980,078)	(1,561,991)
Plan Fiduciary Net Position - Beginning of year	42,969,036	51,729,227	47,052,459	43,200,605	38,078,301	41,838,867	38,698,098	38,393,907	41,373,985	42,935,976
Plan Fiduciary Net Position - End of year	**$ 47,394,669**	**$ 42,969,036**	**$ 51,729,227**	**$ 47,052,459**	**$ 43,200,605**	**$ 38,078,301**	**$ 41,838,867**	**$ 38,698,098**	**$ 38,393,907**	**$ 41,373,985**
System's Net Pension Liability - Ending	**$ 33,967,981**	**$ 37,148,658**	**$ 36,234,231**	**$ 39,094,620**	**$ 39,880,405**	**$ 44,877,272**	**$ 40,690,918**	**$ 44,353,651**	**$ 43,621,306**	**$ 36,328,636**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	58.25 %	53.63 %	58.81 %	54.62 %	52.00 %	45.90 %	50.70 %	46.60 %	46.81 %	53.25 %
Covered Payroll	$ 2,420,292	$ 2,303,292	$ 2,772,886	$ 2,905,323	$ 2,985,903	$ 3,049,120	$ 2,645,503	$ 3,092,088	$ 3,405,502	$ 3,171,020
System's Net Pension Liability as a Percentage of Covered Payroll	1,403.47 %	1,612.85 %	1,306.73 %	1,345.62 %	1,335.62 %	1,471.81 %	1,538.12 %	1,434.42 %	1,280.91 %	1,145.65 %

See note to required supplementary information.

Required Supplementary Information
Schedule of Pension Contributions

Last Ten Plan Years

Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 3,488,723	$ 4,173,222	$ 4,177,172	$ 4,119,517	$ 3,964,651	$ 3,968,766	$ 3,720,318	$ 3,530,436	$ 3,259,165	$ 2,725,322
Contributions in relation to the actuarially determined contribution	3,488,723	4,173,222	4,177,172	4,119,517	3,964,651	3,968,766	3,720,318	3,530,436	3,259,165	2,725,322
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 2,420,292	$ 2,303,292	$ 2,772,886	$ 2,905,323	$ 2,985,903	$ 3,049,120	$ 2,645,503	$ 3,092,088	$ 3,405,502	$ 3,171,020
Contributions as a Percentage of Covered Payroll	144.14 %	181.19 %	150.64 %	141.79 %	132.78 %	130.16 %	140.63 %	114.18 %	95.70 %	85.94 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	15 years from the December 31, 2022 valuation
Asset valuation method	Spreads actual vs. expected investment income over a period of four years
Inflation	2.75 percent
Salary increase	1.00 percent
Investment rate of return	7 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility
Mortality	Pub-2010 mortality tables projected generationally with Scale MP-2021

Required Supplementary Information
Schedule of Pension Investment Returns

Last Ten Plan Years

Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	16.18 %	(13.29)%	15.35 %	14.42 %	20.75 %	(4.06)%	17.91 %	4.60 %	0.40 %	3.90 %

See note to required supplementary information.

Pension Information

Changes in Assumptions

In 2016, the discount rate was updated from 8.00 to 7.50 percent. In addition, the assumed salary increase was updated to 1.00 percent (a decrease of 1.50 percent).

In 2020, the mortality tables used to measure the total pension liability were changed from the RP-2006 Healthy Annuitant Mortality Table to the Pub-2010 mortality tables for general employees projected generationally with Scale MP-2020.

In 2021, the discount rate used to calculate the total pension liability was decreased from 7.50 percent to 7.00 percent.

In 2021, the mortality tables used to measure the total pension liability were changed from the Pub-2010 mortality tables for the general employees projected generationally with Scale MP-2020 to the Pub-2010 mortality tables for the general employees projected generationally with the Scale MP-2021.

In 2022, the discount rate used to calculate the total pension liability was increased from 7.00 percent to 7.25 percent.

In 2023, the discount rate used to calculate the total pension liability was reduced from 7.25 percent to 7.00 percent.