



Pension Plan for Employees of the City of Derby

GASB 67 AND 68 DISCLOSURE

as of June 30, 2025

Table of Contents

Certification.....	1
Money-Weighted Rate of Return.....	2
Contributions Compared to ADEC and Payroll.....	3
Discount Rate Calculation	4
Target Allocation and Expected Rate of Return.....	5
Schedule of Changes in Net Pension Liability and Related Ratios	6
Schedule of Net Pension Liability.....	8
Disclosure Overview as of June 30, 2025.....	9
Changes in the Net Pension Liability.....	10
Components of the Pension Expense for the Fiscal Year Ended June 30, 2025	11
Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions	16
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	20
Participant Breakdown as of July 1, 2024	20
Description of Significant Changes Prior to Year End	21
DROP Balances	21
Valuation Date and Roll Forward Process.....	21
Funding Policy	21
Assumption Selection.....	21
Description of Actuarial Methods.....	22
Description of Actuarial Assumptions.....	23
Summary of Plan Provisions.....	25

All the items listed below are required by GASB 67 and GASB 68 but are not included in this report:

- Schedule of Investment Returns
- Statement of Changes in Fiduciary Net Position
- Statement of Fiduciary Net Position
- Investments That Represent 5% or More of the Plan’s Fiduciary Net Position
- Investment Policy
- Pension Board Composition
- Authority to Amend Plan

Report Prepared By:

Richard S. Sych
Senior Vice President, Retirement Services
860.856.2112
rich.sych@usi.com

Kathryn Watsoyota
Actuarial Analyst
860.856.2243
kathryn.watsoyota@usi.com

Certification

This report presents the results of the June 30, 2025 GASB 67 and GASB 68 Disclosure for the Pension Plan for Employees of the City of Derby (the Plan). The report is intended to satisfy the requirements of both GASB 67 and GASB 68. This report may not be appropriate for any other purpose.

The report has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with the Actuarial Standards Board Standards of Practice.


I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan.

In preparing this disclosure report, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the Plan Sponsor or Trustee. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this disclosure report are based on the Plan as summarized in the Summary of Plan Provisions section of this report and the actuarial methods and assumptions detailed in the Description of Actuarial Methods and Procedures and Description of Actuarial Assumptions sections of this report.

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 this report, an analysis of the potential range of such future measurements has not been performed.

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.


Richard S. Sych, FSA, MAAA
Enrolled Actuary 23-05065

October 16, 2025

Contributions Compared to ADEC and Payroll Schedule of Contributions Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Actuarially determined employer contribution (ADEC)	\$ 1,010,390	\$ 1,081,013	\$ 1,044,457	\$ 1,029,587	\$ 994,770
Contributions in relation to the ADEC	<u>1,000,000</u>	<u>500,000</u>	<u>1,000,000</u>	<u>700,000</u>	<u>190,000</u>
Contribution deficiency (excess)	<u>\$ 10,390</u>	<u>\$ 581,013</u>	<u>\$ 44,457</u>	<u>\$ 329,587</u>	<u>\$ 804,770</u>
Covered payroll	\$ 3,905,483	\$ 3,773,413	\$ 4,615,899	\$ 4,459,806	\$ 4,984,176
Contributions as a % of covered payroll	25.61%	13.25%	21.66%	15.70%	3.81%

	2020	2019	2018	2017	2016
Actuarially determined employer contribution (ADEC)	\$ 840,082	\$ 811,673	\$ 1,003,321	\$ 969,392	\$ 849,200
Contributions in relation to the ADEC	<u>190,000</u>	<u>190,000</u>	<u>572,000</u>	<u>572,000</u>	<u>572,000</u>
Contribution deficiency (excess)	<u>\$ 650,082</u>	<u>\$ 621,673</u>	<u>\$ 431,321</u>	<u>\$ 397,392</u>	<u>\$ 277,200</u>
Covered payroll	\$ 4,815,629	\$ 5,523,439	\$ 5,336,656	\$ 5,165,262	\$ 4,990,591
Contributions as a % of covered payroll	3.95%	3.44%	10.72%	11.07%	11.46%

Discount Rate Calculation

The long-term expected rate of return on investments may be used to discount liabilities to the extent that the plan's fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments and administrative expenses for current plan members. Projections of the plan's fiduciary net position incorporate all cash flows for contributions from the employer and employee and administrative expenses. Professional judgment should be applied to the projections of contributions in circumstances where (a) contribution amounts are established by statute or contract or (b) a formal written policy exists. Consideration should also be given to the most recent five-year contribution history as key indicators of future contributions. It should not include cash flows for future plan members.

If the amount of the plan's fiduciary net position is projected to be greater than or equal to the benefit payments and administrative expenses made in that period, the actuarial present value of payments should be discounted using the long-term expected rate of return on those investments. A 20-year, high quality (AA/Aa or higher), tax-exempt municipal bond yield or index rate must be used to discount benefit payments for periods where the fiduciary net position is not projected to cover expected benefit payments and administrative expenses.

Plans that are projected to have sufficient fiduciary net position indefinitely will use the long-term expected return on investments to determine liabilities but will have to substantiate their projected solvency. GASB permits alternative methods to evaluate the sufficiency of the plan's net fiduciary position. Based on the plan's current net pension liability and current contribution policy, the plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, we have used the 6.50% interest rate assumption to discount plan liabilities.

Target Allocation and Expected Rate of Return

Actuarial Valuation as of July 1, 2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
US Large Cap (Public)	35.31%	5.25%	1.85%
US Small Cap (Public)	8.23%	5.50%	0.45%
Int'l Large Cap (Public)	5.06%	7.50%	0.38%
Int'l Small Cap (Public)	1.65%	7.75%	0.13%
Emerging Large Cap (Public)	3.16%	8.25%	0.26%
US Fixed Income	5.77%	2.60%	0.15%
Illiquid Equity (VC, Shipping)	11.96%	8.25%	0.99%
Private Real Estate (Leasing)	9.50%	4.80%	0.46%
Illiquid Fixed Income (CLO, Distressed, Private)	6.78%	6.60%	0.45%
Hedge Funds (Multi-Strategy)	6.01%	5.80%	0.35%
Cash	6.57%	2.70%	0.18%
	100.00%		5.65%
Long-Term Inflation Expectation			2.40%
Long-Term Expected Nominal Return			8.05%

**Long-Term Real Returns are provided by Freedom Investment Management. The returns are arithmetic means.*

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 are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information above is based on arithmetic means. The investment return assumption was selected using the long term asset allocation shown above. An expected rate of return of 6.50% was used. The July 1, 2023 Actuarial Valuation directly calculated the July 1, 2023 Total Pension Liability (TPL). The July 1, 2023 TPL was increased by service cost and interest and decreased by benefit payments to estimate the TPL as of June 30, 2025.

Schedule of Changes in Net Pension Liability and Related Ratios Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 510,947	\$ 620,314	\$ 599,337	\$ 671,797	\$ 649,080
Interest	1,533,918	1,503,138	1,448,717	1,520,990	1,449,718
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(233,349)	-	(1,756,038)	-
Changes of assumptions	-	-	-	524,691	-
Benefit payments, including refunds of member contributions	(1,366,491)	(1,249,770)	(1,214,326)	(1,055,983)	(1,074,958)
Net change in total pension liability	678,374	640,333	833,728	(94,543)	1,023,840
Total pension liability - beginning	23,760,275	23,119,942	22,286,214	22,380,757	21,356,917
Total pension liability - ending: (a)	\$ 24,438,649	\$ 23,760,275	\$ 23,119,942	\$ 22,286,214	\$ 22,380,757
Plan fiduciary net position					
Contributions - employer	\$ 1,000,000	\$ 500,000	\$ 1,000,000	\$ 700,000	\$ 190,000
Contributions - member	110,981	124,823	132,383	68,517	54,392
Net investment income (loss)	2,078,622	1,618,917	1,401,484	(1,221,124)	4,514,626
Benefit payments, including refunds of member contributions	(1,366,491)	(1,249,770)	(1,214,326)	(1,055,983)	(1,074,958)
Administrative expenses	-	-	(16,883)	(1,643)	(77,548)
Other	-	-	-	-	-
Net change in plan fiduciary net position	1,823,112	993,970	1,302,658	(1,510,233)	3,606,512
Plan fiduciary net position - beginning	19,566,179	18,572,209	17,269,551	18,779,784	15,173,272
Plan fiduciary net position - ending: (b)	21,389,291	19,566,179	18,572,209	17,269,551	18,779,784
Net pension liability - ending: (a) - (b)	\$ 3,049,358	\$ 4,194,096	\$ 4,547,733	\$ 5,016,663	\$ 3,600,973
Plan fiduciary net position as a % of total pension liability	87.52%	82.35%	80.33%	77.49%	83.91%
Covered payroll	\$ 3,905,483	\$ 3,773,413	\$ 4,615,899	\$ 4,459,806	\$ 4,984,176
Net pension liability as a % of covered payroll	78.08%	111.15%	98.52%	112.49%	72.25%

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 676,977	\$ 654,084	\$ 776,874	\$ 750,603	\$ 664,870
Interest	1,403,388	1,334,277	1,431,319	1,348,949	1,267,010
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(655,805)	-	(526,463)	-	240,440
Changes of assumptions	1,067,879	-	(1,967,488)	-	1,039,443
Benefit payments, including refunds of member contributions	(997,055)	(1,049,921)	(908,031)	(988,834)	(852,970)
Net change in total pension liability	1,495,384	938,440	(1,193,789)	1,110,718	2,358,793
Total pension liability - beginning	19,861,533	18,923,093	20,116,882	19,006,164	16,647,371
Total pension liability - ending: (a)	<u>\$ 21,356,917</u>	<u>\$ 19,861,533</u>	<u>\$ 18,923,093</u>	<u>\$ 20,116,882</u>	<u>\$ 19,006,164</u>
Plan fiduciary net position					
Contributions - employer	\$ 190,000	\$ 190,000	\$ 572,000	\$ 572,000	\$ 572,000
Contributions - member	82,229	182,134	91,864	101,178	149,599
Net investment income (loss)	212,165	576,865	1,491,886	2,000,627	(360,774)
Benefit payments, including refunds of member contributions	(997,055)	(1,049,921)	(908,031)	(988,834)	(852,970)
Administrative expenses	(20,929)	(44,105)	(61,928)	(39,030)	(48,745)
Other	-	-	-	-	-
Net change in plan fiduciary net position	(533,590)	(145,027)	1,185,791	1,645,941	(540,890)
Plan fiduciary net position - beginning	15,706,862	15,851,889	14,666,098	13,020,157	13,561,047
Plan fiduciary net position - ending: (b)	<u>15,173,272</u>	<u>15,706,862</u>	<u>15,851,889</u>	<u>14,666,098</u>	<u>13,020,157</u>
Net pension liability - ending: (a) - (b)	<u>\$ 6,183,645</u>	<u>\$ 4,154,671</u>	<u>\$ 3,071,204</u>	<u>\$ 5,450,784</u>	<u>\$ 5,986,007</u>
Plan fiduciary net position as a % of total pension liability	71.05%	79.08%	83.77%	72.90%	68.50%
Covered payroll	\$ 4,815,629	\$ 5,523,439	\$ 5,336,656	\$ 5,165,262	\$ 4,990,591
Net pension liability as a % of covered payroll	128.41%	75.22%	57.55%	105.53%	119.95%

Schedule of Net Pension Liability Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Total pension liability	\$ 24,438,649	\$ 23,760,275	\$ 23,119,942	\$ 22,286,214	\$ 22,380,757
Plan fiduciary net position	21,389,291	19,566,179	18,572,209	17,269,551	18,779,784
Net pension liability (asset)	\$ 3,049,358	\$ 4,194,096	\$ 4,547,733	\$ 5,016,663	\$ 3,600,973
Plan fiduciary net position as a % of total pension liability	87.52%	82.35%	80.33%	77.49%	83.91%
Covered payroll	\$ 3,905,483	\$ 3,773,413	\$ 4,615,899	\$ 4,459,806	\$ 4,984,176
Net pension liability as a % of covered payroll	78.08%	111.15%	98.52%	112.49%	72.25%

	2020	2019	2018	2017	2016
Total pension liability	\$ 21,356,917	\$ 19,861,533	\$ 18,923,093	\$ 20,116,882	\$ 19,006,164
Plan fiduciary net position	15,173,272	15,706,862	15,851,889	14,666,098	13,020,157
Net pension liability (asset)	\$ 6,183,645	\$ 4,154,671	\$ 3,071,204	\$ 5,450,784	\$ 5,986,007
Plan fiduciary net position as a % of total pension liability	71.05%	79.08%	83.77%	72.90%	68.50%
Covered payroll	\$ 4,815,629	\$ 5,523,439	\$ 5,336,656	\$ 5,165,262	\$ 4,990,591
Net pension liability as a % of covered payroll	128.41%	75.22%	57.55%	105.53%	119.95%

Disclosure Overview as of June 30, 2025

	Plan's Funded Status			Deferred Outflows/(Inflows) of Resources			Recognized in Net Pension Liability	Recognized in Total Pension Expense
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Experience (Gains)/ Losses	Assumption Changes	Investment (Gains)/ Losses		
Balances -- prior year disclosure	(23,760,275)	19,566,179	(4,194,096)	(649,241)	181,846	(227,094)	(4,194,096)	
Changes in net pension liability:								
Service cost	(510,947)		(510,947)					510,947
Interest	(1,533,918)		(1,533,918)					1,533,918
Net investment income		2,078,622	2,078,622					(2,078,622)
Contributions - employer		1,000,000	1,000,000				1,000,000	
Contributions - member		110,981	110,981					(110,981)
Changes of benefit terms	-		-					-
Benefit payments, including refunds of member contributions	1,366,491	(1,366,491)	-					-
Administrative expense			-					-
Other			-					-
Recognized in total pension expense								
Differences between expected and actual experience				533,992			(533,992)	(533,992)
Changes of assumptions					(169,047)		169,047	169,047
Differences between projected and actual earnings on pension plan investments						514,049	(514,049)	(514,049)
Deferred outflows/inflows of resources								
Differences between expected and actual experience	-		-	-			-	-
Changes of assumptions	-		-		-		-	-
Differences between projected and actual earnings on pension plan investments						(814,994)	814,994	814,994
Total pension expense							208,738	(208,738)
Balances -- end of year	(24,438,649)	21,389,291	(3,049,358)	(115,249)	12,799	(528,039)	(3,049,358)	

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2024	\$ 23,760,275	\$ 19,566,179	\$ 4,194,096
Changes for the year:			
Service cost	510,947		510,947
Interest	1,533,918		1,533,918
Differences between expected and actual experience	-		-
Changes of benefit terms	-		-
Changes of assumptions	-		-
Contributions - employer		1,000,000	(1,000,000)
Contributions - member		110,981	(110,981)
Net investment income		2,078,622	(2,078,622)
Benefit payments, including refunds of member contributions	(1,366,491)	(1,366,491)	-
Administrative expense		-	-
Other		-	-
Net changes	<u>678,374</u>	<u>1,823,112</u>	<u>(1,144,738)</u>
Balances at June 30, 2025	<u>\$ 24,438,649</u>	<u>\$ 21,389,291</u>	<u>\$ 3,049,358</u>

Components of the Pension Expense for the Fiscal Year Ended June 30, 2025

Description	Amount
Service cost	\$ 510,947
Interest on the total pension liability	1,533,918
Differences between expected and actual experience	(533,992)
Changes of assumptions	169,047
Changes of benefit terms	-
Member contributions	(110,981)
Projected earnings on pension plan investments	(1,263,628)
Differences between projected and actual earnings on plan investments	(514,049)
Pension plan administrative expense	-
Other changes in fiduciary net position	-
Total pension expense	\$ (208,738)

**Increase (Decrease) in Pension Expense from the Recognition of the Effects
of Differences Between Expected and Actual Experience**

Year	Differences between Expected and Actual Experience	Recognition Period (Years)	2025	2026	2027
2020	\$ (655,805)	5.2	\$ (25,225)		
2021	-	5.2	-	\$ -	
2022	(1,756,038)	4.1	(428,302)	(42,830)	
2023	-	4.1	-	-	\$ -
2024	(233,349)	2.9	(80,465)	(72,419)	
2025	-	2.9	-	-	-
Net increase (decrease) in pension expense			<u>\$ (533,992)</u>	<u>\$ (115,249)</u>	<u>\$ -</u>

Increase (Decrease) in Pension Expense from the Recognition of the Effects of Changes of Assumptions

Year	Changes of Assumptions	Recognition Period (Years)	2025	2026	2027
2020	\$ 1,067,879	5.2	\$ 41,074		
2021	-	5.2	-	\$ -	
2022	524,691	4.1	127,973	12,799	
2023	-	4.1	-	-	\$ -
2024	-	2.9	-	-	
2025	-	2.9	-	-	-
Net increase (decrease) in pension expense			<u>\$ 169,047</u>	<u>\$ 12,799</u>	<u>\$ -</u>

**Increase (Decrease) in Pension Expense from the Recognition of Differences Between
Projected and Actual Earnings on Pension Plan Investments**

Year	Differences between Projected and Actual Earnings on Pension Plan Investments		Recognition Period (Years)					
				2025	2026	2027	2028	2029
2021	\$	(3,520,578)	5	\$ (704,114)				
2022		2,479,161	5	495,832	\$ 495,833			
2023		(282,124)	5	(56,425)	(56,425)	\$ (56,424)		
2024		(431,714)	5	(86,343)	(86,343)	(86,343)	\$ (86,342)	
2025		(814,994)	5	<u>(162,999)</u>	<u>(162,999)</u>	<u>(162,999)</u>	<u>(162,999)</u>	\$ (162,998)
Net increase (decrease) in pension expense				<u>\$ (514,049)</u>	<u>\$ 190,066</u>	<u>\$ (305,766)</u>	<u>\$ (249,341)</u>	<u>\$ (162,998)</u>

Interest on the Total Pension Liability Recognized in Expense

	Amount for Period	Portion of Period	Interest Rate	Interest on the Total Pension Liability
Beginning total pension liability	\$ 23,760,275	100%	6.50%	\$ 1,544,418
Service cost	510,947	100	6.50	33,212
Benefit payments, including refunds of member contributions	(1,366,491)	50	6.50	<u>(43,712)</u>
Total interest on the pension liability				\$ 1,533,918

Projected Earnings on Pension Plan Investments Recognized in Expense

	Amount for Period	Portion of Period	Projected Rate of Return	Projected Earnings
Beginning plan fiduciary net position	\$ 19,566,179	100%	6.50%	\$ 1,271,802
Contributions - employer	1,000,000	50	6.50	31,988
Contributions - member	110,981	50	6.50	3,550
Benefit payments, including refunds of member contributions	(1,366,491)	50	6.50	<u>(43,712)</u>
Administrative expense and other	-	50	6.50	<u>-</u>
Total projected earnings				\$ 1,263,628

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2025, the recognized pension expense is (\$208,738). As of June 30, 2025, deferred outflows and inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (115,249)
Changes of assumptions	\$ 12,799	
Net difference between projected and actual earnings on pension plan investments		(528,039)
Total	<u>\$ 12,799</u>	<u>\$ (643,288)</u>

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

Year Ended June 30:	
2026	\$ 87,616
2027	(305,766)
2028	(249,341)
2029	(162,998)
2030	-
Thereafter	-

Deferred Outflows and Inflows of Resources from Differences Between Expected and Actual Experience

Year	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Pension Expense through June 30, 2025 (c)	Balances at June 30, 2025	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2022		\$ (1,756,038)	\$ (1,713,208)		\$ (42,830)
2024		(233,349)	(160,930)		(72,419)
				\$ -	\$ (115,249)

Deferred Outflows and Inflows of Resources from Changes of Assumptions

Year	Increases in the Total Pension Liability (a)	Decreases in the Total Pension Liability (b)	Amounts Recognized in Pension Expense through June 30, 2025 (c)	Balances at June 30, 2025	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2022	\$ 524,691		\$ 511,892	\$ 12,799	
				\$ 12,799	\$ -

Deferred Outflows and Inflows of Resources from Differences Between Projected and Actual Earnings on Pension Plan Investments

Year	Investment Earnings Less Than Projected (a)	Investment Earnings Greater Than Projected (b)	Amounts Recognized in Pension Expense through June 30, 2025 (c)	Balances at June 30, 2025	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2022	\$ 2,479,161		\$ 1,983,328	\$ 495,833	
2023		\$ (282,124)	(169,275)		\$ (112,849)
2024		(431,714)	(172,686)		(259,028)
2025		(814,994)	(162,999)		(651,995)
				<u>\$ 495,833</u>	<u>\$ (1,023,872)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	Current Discount Rate (6.50%)	1% Decrease (5.50%)	1% Increase (7.50%)
Net pension liability as of June 30, 2025	\$ 3,049,358	\$ 5,722,300	\$ 776,118

Participant Breakdown as of July 1, 2023

	Participant Count
Inactive plan members or beneficiaries currently receiving benefits	82
Inactive plan members entitled to but not yet receiving benefits	75
Active plan members	66
Total members	223

Description of Significant Changes Prior to Year End

There were no significant plan changes since the last published valuation.

DROP Balances

Currently, there is no Deferred Retirement Option Plan (DROP). Therefore, the DROP balances are \$0.

Valuation Date and Roll Forward Process

The Plan Sponsor uses the July 1, 2023 Actuarial Valuation to calculate the ADEC for the fiscal year ending 2025.

The July 1, 2023 Actuarial Valuation directly calculated the July 1, 2023 Total Pension Liability (TPL). The July 1, 2023 TPL was increased by service cost and interest and decreased by benefit payments to estimate the TPL as of June 30, 2025. The TPL as of June 30, 2025 was also adjusted to reflect any material plan changes after the valuation, if applicable.

Funding Policy

The Plan Sponsor's Funding Policy is to phase into contributing the ADEC plus additional amounts from time to time.

Assumption Selection

The selections of all assumptions used in determining the total pension liability were made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

Description of Actuarial Methods

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on Market Value and expected return on Market Value over a 3-year period at 33.33% per year. The Actuarial Value is adjusted, if necessary, to be within the range of 90% and 110% of the Market Value of assets.

Actuarial Cost Method

Cost method for determining the GASB liability: Entry Age Normal Actuarial Cost Method (level percentage of salary).

Cost method for determining the ADEC: Projected Unit Credit Actuarial Cost Method

Normal Cost: Under this method, the normal cost equals the total present value of the benefits accruing for all members during the upcoming year, increased to reflect salaries projected to the assumed retirement date.

Unfunded Accrued Liability: The actuarial accrued liability equals the present value of all benefits accrued to date, increased to reflect salaries for all active members. The actuarial accrued liability is reduced by plan assets to develop the unfunded accrued liability. This amount is amortized over 7 years on a closed basis.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the actuarial accrued liability and are amortized at the same rate the plan is amortizing the remaining unfunded accrued liability.

Description of Actuarial Assumptions

Changes in Actuarial Assumptions

None.

Investment rate of return (net of investment-related expenses)

6.50%.

Rate of compensation increase (including inflation)

3.50%.

The plan does not have statistically credible data on which to form a rate of compensation increase assumption. The assumption is based on historical national wage increases and input from the plan sponsor regarding future expectations.

Inflation

2.40%.

This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2023 OASDI Trustees Report.

Mortality

Pub-2010 Public Retirement Plans Mortality Tables for General employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2021.

Mortality Improvement

Projected to date of decrement using Scale MP-2021 (generational mortality).

We have selected this mortality assumption because it is based on the latest published public pension mortality study released by the Society of Actuaries.

Retirement age

Age	Rate
55	5%
55-61	3%
62	30%
63-69	10%
70+	100%

Termination prior to retirement

Males: 3/4 AR Males.
 Females: 3/4 AR Females.

Age	Male	Female
20	20.00%	30.00%
25	10.00	15.00
30	5.00	7.50
35	2.50	3.75
40	1.50	2.50
45	0.75	1.25
50	0.00	0.00

Disability

3% of liabilities to reflect costs.

The actuarial assumptions in regards to rates of decrement shown above are based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have sufficiently credible data on which to perform an experience study.

Administrative expenses

The estimate is based on actual expenses paid from the trust in past years.

Payroll growth

3.50% per year.

Percent of active employees married

85%.

Spouse's age

Husbands are assumed to be 3 years older than wives.

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. To the extent that this summary does not accurately reflect the plan provisions, then the results of this disclosure may not be accurate.

Plan identification

Single-employer pension plan.

Effective date

Original: N/A

Latest amendment: February 8, 1996.

Plan year

July 1 through June 30 (calendar year prior to January 1, 1991; short year January 1, 1991 through June 30, 1991).

Participation

Employees who work at least 30 hours per week and 40 weeks per year are required to participate on the first day of the calendar month following completion of 6 months of service. Effective July 1, 2001 Derby Paraprofessionals participate in and are covered by the Plan. Employees of the Police Department and members of the State Teachers' Retirement System are excluded.

Credited service

Receive credit from date of hire.

Derby Paraprofessionals receive credit from the later of July 1, 2001 or their date of hire.

Pay

Salary or wages for services with the City.

Average pay

The average of pay for the five consecutive years of service which produce the highest amount.

Accrued benefit

2% of Average Annual Pay during the five consecutive highest paid years times number of years and completed months of service.

Normal retirement

Eligibility: The earlier of age 65 and 5 years of service or age 55 and 25 years of service.

Benefit: Accrued benefit as of normal retirement date.

Early retirement

Eligibility: Age 55 and 10 years of service.

Benefit: Accrued benefit as of early retirement date.

Reduction factors: .5% for each month that benefit commencement precedes normal retirement.

Late retirement

Accrued benefit as of late retirement date.

Termination prior to retirement

Vesting schedule: 100% after completion of 5 years of service.

Benefit: Vested portion of accrued benefit as of date of termination, first payable upon normal retirement eligibility. Earlier benefit commencement may be elected, subject to early retirement eligibility and reduction factors, provided participant does not withdraw employee contributions with interest.

Death prior to retirement

Eligibility: Completion of 5 years of service. Must be married for at least 12 months prior to death.

Benefit:

1. Surviving spouse's benefit is 50% of the benefit that would have been payable to the participant if the participant had:
 - a. Terminated immediately before death,
 - b. Elected to retire at earliest retirement eligibility, or date of death if later, and
 - c. Elected a 50% joint and survivor annuity.

The surviving spouse's benefit is first payable on the date that would have been the participant's earliest retirement date. If the participant had already satisfied early retirement eligibility, the surviving spouse's benefit is payable immediately, or

2. Return of employee contributions with interest.

Disability retirement

Eligibility: 15 years of service with total and permanent disability.

Benefit: Normal retirement benefit, less any Worker's Compensation payments. Minimum pension is 50% of pay.

Form of benefit

Normal form: Life annuity. For married participants, payable as actuarially equivalent 50% joint and survivor annuity.

Optional forms: Life annuity, 100%, 75% or 50% joint and survivor annuity, or a life annuity guaranteed for the first 10 years.

Employee contribution

3.5% of pay, beginning after 6 months of employment.

Cost-of-living increases

Ad hoc as approved by the Pension Board. Last date was January 1, 2002

Early Retirement Window

An early retirement window with enhanced benefits was offered to a select group of participants during the fiscal year ending June 30, 2004. The enhanced benefit included up to an additional 5 years of age and 5 years of service.