



Northfield Fire Relief Association GASB 67 & 68 Rollforward Report

ACTUARIAL VALUATION REPORT

Valuation Date: January 1, 2025
Plan Fiscal Year Beginning: January 1, 2025
Plan Fiscal Year Ending: December 31, 2025
Employer Fiscal Year Beginning: January 1, 2026
Employer Fiscal Year Ending: December 31, 2026

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Actuarial Certification

We have prepared an actuarial rollforward of the Northfield Fire Relief Association Pension Plan as of December 31, 2025 to enable the plan sponsor to satisfy the accounting requirements under Statements of Governmental Accounting Standards Nos. 67 and 68. The results set forth in this report reflect the provisions of the plan communicated to us through December 31, 2025. This report should not be used for other purposes or relied upon by any other person without prior written consent from Hildi Incorporated.

This report is based on participant and financial data provided by Northfield Fire Relief Association and is summarized in this report. An audit of the financial and participant data provided was not performed, but we have checked the data for reasonableness as appropriate based on the purpose of the valuation. We have relied on all the information provided, including plan provisions and asset information, as complete and accurate.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures using assumptions that we believe reasonably estimate the anticipated experience of the plan. The calculations reported herein are consistent with our understanding of the provisions of GASB Statements 67 and 68.

Actuarial computations under Statements of Governmental Accounting Standards are for the purposes of fulfilling employer accounting requirements and trust accounting requirements. Computations for other purposes may differ significantly from the results shown in this report.

We are available to answer any questions on this material, or to provide explanations or further details, as may be appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report.



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Executive Summary

This report has been prepared for the Northfield Fire Relief Association Pension Plan, for the plan year beginning January 1, 2025 and ending December 31, 2025, to assist in complying with the reporting and disclosure requirements under GASB Statements 67 and 68. Northfield Fire Relief Association has implemented GASB 67 for the fiscal year beginning January 1, 2016.

Summary of Results

The results below reflect initial implementation in the fiscal year ending December 31, 2016. GASB liabilities have been valued using a split interest rate based on the estimated investment return on the pension fund for the funded portion of liabilities and the estimated yield of 20-Year AA-rated municipal bonds for the unfunded portion of liabilities. The overall discount rate is 6.50%.

GASB Accounting Summary	December 31, 2025
1. Liabilities	
a. Total Pension Liability	4,136,605
b. Gross Service Cost	180,628
c. Valuation Salary	N/A
2. GASB Funded Status	
a. Total Pension Liability (TPL)	4,136,605
b. Fiduciary Net Position (FNP)	<u>(9,530,998)</u>
c. Net Pension Liability (NPL), a. + b.	(5,394,393)
d. Funded Ratio	230%
e. NPL as % of Payroll, c. / 1.d.	N/A
3. Pension Expense Under GASB 68	
a. For Fiscal Year ending December 31, 2025	(145,451)
b. For Fiscal Year ending December 31, 2026	(636,456)
4. Discount Rate	6.50%

Events & Decisions

This report is an addendum to the actuarial valuation report issued for this plan as of January 1, 2025. Actuarial data, assumptions, and methods are as described in that previous report with the following exceptions:

- No changes to plan provisions, assumptions, or methods since the prior report.

Plan Accounting

Reconciliation of Changes in Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
1. Balances at January 1, 2025	3,703,508	8,050,207	(4,346,699)
2. Changes from the prior year:			
a. Service Cost	180,628		180,628
b. Interest Cost	252,469		252,469
c. Assumption Changes	0		0
d. Plan Changes	0		0
e. Municipal Contributions		0	0
f. Nonemployer Contributions		286,047	(286,047)
g. Projected Investment Return		532,058	(532,058)
h. Gain or Loss	0	678,136	(678,136)
i. Benefit Payments	0	0	0
j. Administrative Expenses		(15,450)	15,450
k. Other Changes	0	0	0
3. Total Net Changes	433,097	1,480,791	(1,047,694)
4. Balances at December 31, 2025	4,136,605	9,530,998	(5,394,393)

Sensitivity to Changes in Discount Rate

	1% Decrease	Selected Discount Rate	1% Increase
1. Net Pension Liability	(5,299,218)	(5,394,393)	(5,485,965)
2. Discount Rate	5.50%	6.50%	7.50%

Note: These exhibits should be used as the basis for financial reporting under GASB 67 for the fiscal year ending December 31, 2025 and under GASB 68 for the fiscal year ending December 31, 2026. As described in the GASB 68 standard, a one-year lookback may be used when preparing financial disclosures under GASB 68.

GASB 68 Pension Expense

Fiscal Year Ending	December 31, 2026	December 31, 2025
1. Components Of Pension Expense		
a. Service Cost	180,628	157,020
b. Interest Cost	252,469	208,212
c. Plan Changes	-	449,259
d. Liability Gain or Loss	(10,753)	(10,752)
e. Assumption Changes	(4,120)	(4,120)
f. Nonemployer Contributions*	(286,047)	(247,678)
g. Projected Investment Return	(532,058)	(443,565)
h. Investment Gain or Loss	(252,025)	(262,112)
i. Administrative Expenses	15,450	8,285
j. Other Changes	<u>0</u>	<u>0</u>
k. Total	(636,456)	(145,451)
2. Deferred Outflows of Resources		
a. Liability Losses	-	30,678
b. Assumption Changes	14,349	17,937
c. Investment Losses	-	-
d. Employer Contributions**	<u>TBD</u>	<u>-</u>
e. Total	14,349	48,615
3. Deferred Inflows of Resources		
a. Liability Gains	265,066	306,497
b. Assumption Changes	61,664	69,372
c. Investment Gains	<u>933,554</u>	<u>507,443</u>
d. Total	1,260,284	883,312
4. Future Recognition of Deferred Flows in Pension Expense (Fiscal Years Ending)		
a. December 31, 2026	N/A	(131,270)
b. December 31, 2027	(159,467)	(23,839)
c. December 31, 2028	(461,368)	(325,740)
d. December 31, 2029	(313,748)	(178,120)
e. December 31, 2030	(181,178)	(45,554)
f. December 31, 2031	(36,912)	N/A
g. Thereafter	(93,262)	(130,174)

* If contributions are recorded as employer income, they should not also be recorded as plan income.

** Under GASB 68, employer contributions made after the Measurement Date and on or before the Reporting Date must be disclosed as Deferred Outflows of Resources. If the contribution amount is not available at the time of this report, "TBD" is shown temporarily.

GASB 67 Liability Summary

Liabilities are determined as of the valuation date, then adjusted as necessary to the fiscal year-end date using standard actuarial processes.

Liabilities at Valuation Date	
1. Plan Year Beginning	January 1, 2025
2. Valuation Date	January 1, 2025
3. Discount Rate	6.50%
4. Present value of benefits	5,268,868
5. Accrued liability at Valuation Date	
a. Actives	3,369,441
b. Vested Terminations and Transfers	334,067
c. Retirees and Beneficiaries	-
d. Total Pension Liability at Valuation Date	3,703,508
6. Total Pension Liability at Year-End	4,136,605
7. Gross Normal Cost at Valuation Date	180,628

GASB 68 Amortization Bases

Outstanding amortization bases for Deferred Inflows and Outflows of Resources as of the employer fiscal year-end:

Date Established	LongType	Original Amount	Original Years	Remaining Amount	Remaining Years
1/1/2019	LiabGLOutflow	245,431	8	-	0
1/1/2021	LiabGLInflow	(122,270)	10	(48,908)	4
1/1/2021	AssumpOutflow	35,877	10	14,349	4
1/1/2022	AssetGLInflow	(690,573)	5	-	0
1/1/2023	LiabGLInflow	(140,815)	12	(93,875)	8
1/1/2023	AssumpInflow	(92,496)	12	(61,664)	8
1/1/2023	AssetGLOutflow	1,509,526	5	301,902	1
1/1/2024	AssetGLInflow	(738,084)	5	(295,233)	2
1/1/2025	LiabGLInflow	(157,221)	9	(122,283)	7
1/1/2025	AssetGLInflow	(662,861)	5	(397,715)	3
1/1/2026	AssetGLInflow	(678,136)	5	(542,508)	4

Plan Assets

Plan Asset Reconciliation

Assets for Plan Year Ending	December 31, 2025	December 31, 2024
1. Value at Beginning of Year	8,050,207	6,704,388
a. Municipal Contributions	-	-
b. State Contributions	286,047	247,678
c. Employee Contributions	-	-
d. Other Nonemployer Contributions	-	-
e. Benefits paid	-	-
f. Non-investment expense paid	(15,450)	(8,285)
g. Return on plan assets	<u>1,210,194</u>	<u>1,106,426</u>
h. Value at End of Year	9,530,998	8,050,207
2. Rate of Return for Year	14.8%	16.2%

Development of Expected Long-Term Rate of Portfolio Return

Asset Class	Portfolio Weight	Expected Class Return
Cash	21.00%	3.25%
Fixed Income	10.00%	4.50%
Equities	69.00%	7.75%
	-	-
Total Portfolio	100.0%	6.50%

Glossary

Total Pension Liability / Funding Target Liability: The portion of the present value of prospective benefits allocated to service before the valuation date in accordance with the actuarial cost method.

Fiduciary Net Position / Actuarial Value of Assets – Plan assets based on market value as of the valuation date including receivable contributions and offset by plan payables. Market values are sometimes smoothed to soften the impact of investment gains and losses.

Net Pension Liability: The difference between Total Pension Liability and Net Financial Position.

Actuarial Cost Method: Sometimes called “funding method,” a particular technique used by actuaries to establish the amount and incidence of the annual actuarial cost of pension plan benefits, or normal cost, and the related unfunded liability. Ordinarily, the annual contribution to the plan comprises the normal cost and an amount for amortization of the unfunded liability.

Normal Cost: A component of the Annual Pension Expense. The actuarial present value of benefits attributed by the benefit formula to services rendered by employees during that period based on assumptions as to future compensation levels. The interest rate used in determining the present value is the discount rate.

Annual Pension Expense: An accrual-basis measure of the periodic cost of an employer’s participation in a defined benefit pension plan.

Discount Rate – The single interest rate that will calculate the same Total Pension Liability as the rates used to calculate the funded and unfunded portion of Total Pension Liability.

Investment Return Assumption: The rate used to adjust a series of future payments to reflect the time value of money.

Plan Members: The individuals covered by the terms of the plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.

Required Supplementary Information (RSI): Schedules, statistical data, and other information that are an essential part of financial reporting. RSI should be presented with, but is not part of, the basic financial statements of a governmental entity.