

## **BENEFIT PROJECTIONS**

LONG LAKE FIRE VOLUNTEER FIRE RELIEF ASSOCIATION  
LONG LAKE, MINNESOTA

FOR THE YEARS ENDED  
DECEMBER 31, 2025 THROUGH 2035

Long Lake Volunteer Fire Department Relief Association  
Long Lake, Minnesota  
Benefit Projections  
December 31, 2025, through December 31, 2035  
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## **I. Introduction**

We have performed procedures which were agreed to by the Long Lake Fire Relief Association (the Association), solely to assist in evaluating the projected benefit levels of the Long Lake Fire Relief for the years ended December 31, 2025, through 2035. The Association's management is responsible for the projection format and the assumptions made.

The City of Long Lake, Minnesota (the City) operates a municipal fire department. The members of the department are also members of the Fire Relief Association which is a separate non-profit corporation. The Association provides for a retirement benefit based on years of service and the City Council ultimately approves and agrees to the benefit level. Annually a calculation is completed under State Statutes (MN Stat. section 69.772) that determines whether a municipal contribution is required based on the projected earnings and costs of the Association. This projection follows the format outlined in section 69.772 and uses the assumptions described below.

The financial projection is based on revenue and expense as summarized in the assumptions listed below and presents, to the best of management's knowledge and belief, the Association's expected results of cash flows for the projection period if such revenue, earnings, retirements and expenses of cash occur. Accordingly, the projection reflects the Associations' judgment as of NEED DATE, the date of this projection, of the expected conditions and its expected course of action if such results were attained. The presentation is designed to provide information to the City Council concerning the required municipal contribution and should not be considered to be a presentation of expected future results. Accordingly, this projection may not be useful for other purposes. The assumptions disclosed herein are those that management believes are significant to the projection. Furthermore, there will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected and those differences may be material.

## **II. Summary of Assumptions**

The significant assumptions used are listed below:

### **Revenue**

*Assets* - The balance of the Special Fund assets at December 31, 2024 with the state aid to be received each year, an estimated increase in interest and appreciation/depreciation of the investments, estimated amount of administrative expenses and the estimated pensions paid was included in the balance used to determine the beginning balance of year of the projection. Subsequent years of the projection are assumptions listed below.

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## II. Summary of Assumptions (Continued)

### Revenue

*State Aid* - The Long Lake area was used for the 2025 aid calculation. Subsequent years assume a 3 percent increase over prior years.

*Municipal Contribution* – There is no voluntary contribution assumed each year in addition to the required to maintain consistent municipal contribution

*Interest and Investment Returns* - Assumes the following combined rate of return:

Interest Rate Assumptions		
Year	Scenario 1 & 2	Scenario 3
2025	5.00%	5.00%
2026	5.00%	5.00%
2027	5.00%	-5.00%
2028	5.00%	5.00%
2029	5.00%	5.00%
2030	5.00%	5.00%
2031	5.00%	5.00%
2032	5.00%	5.00%
2033	5.00%	5.00%
2034	5.00%	5.00%
2035	5.00%	5.00%

### Expenditures

*Pensions Paid* - Active and Deferred member retirement projections were assumed based on interviews with members.

*Administrative Expense* - Assumed a 3 percent increase per year using 2024 as a base.

*Calculated Municipal Benefit* - The calculation of a required municipal contribution was completed using the state statute formula outlined in Minnesota Statute Section 69.772.

### Scenarios presented

The association directed Abdo to prepare 3 different scenarios with assumptions as listed below.

Scenario 1 - Annual Benefit Level increased to \$8,000 in 2025.

Scenario 2 - Annual Benefit Level Increased to \$8,500 in 2025.

Scenario 3 - Annual Benefit Level Increased to \$8,500 in 2025 with a 5% investment loss in year 2027

The schedules on the next pages summarize each scenario. Each of the scenarios presented result in assets in excess of accrued liability and do not calculate any municipal liability.

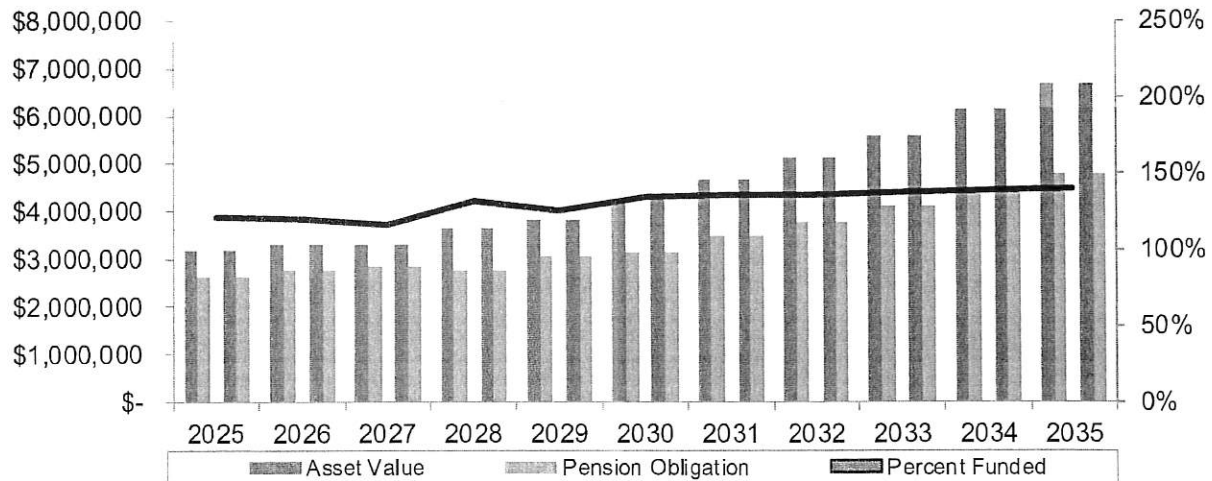
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### III. Summary of Alternatives

Scenario 1 - Annual Benefit Level increased to \$8,000 in 2025.

Summary with Benefit Level Increased to \$8,000 in 2025							
Year	Benefit Level	Municipal Contribution		Projected Accrued Liability	Projected Assets	Surplus/ (Deficit)	Percentage Funded
		Voluntary	Required				
2025	8,000	-	-	2,615,524	3,161,643	546,119	121%
2026	8,000	-	-	2,763,492	3,306,892	543,400	120%
2027	8,000	-	-	2,851,357	3,285,819	434,462	115%
2028	8,000	-	-	2,765,339	3,648,676	883,337	132%
2029	8,000	-	-	3,053,923	3,827,633	773,710	125%
2030	8,000	-	-	3,140,879	4,229,673	1,088,794	135%
2031	8,000	-	-	3,450,833	4,658,135	1,207,302	135%
2032	8,000	-	-	3,770,433	5,114,529	1,344,096	136%
2033	8,000	-	-	4,101,542	5,600,448	1,498,906	137%
2034	8,000	-	-	4,436,389	6,117,568	1,681,180	138%
2035	8,000	-	-	4,786,706	6,667,658	1,880,952	139%
Total		\$ -	\$ -				

**Funding Level Scenario 1**



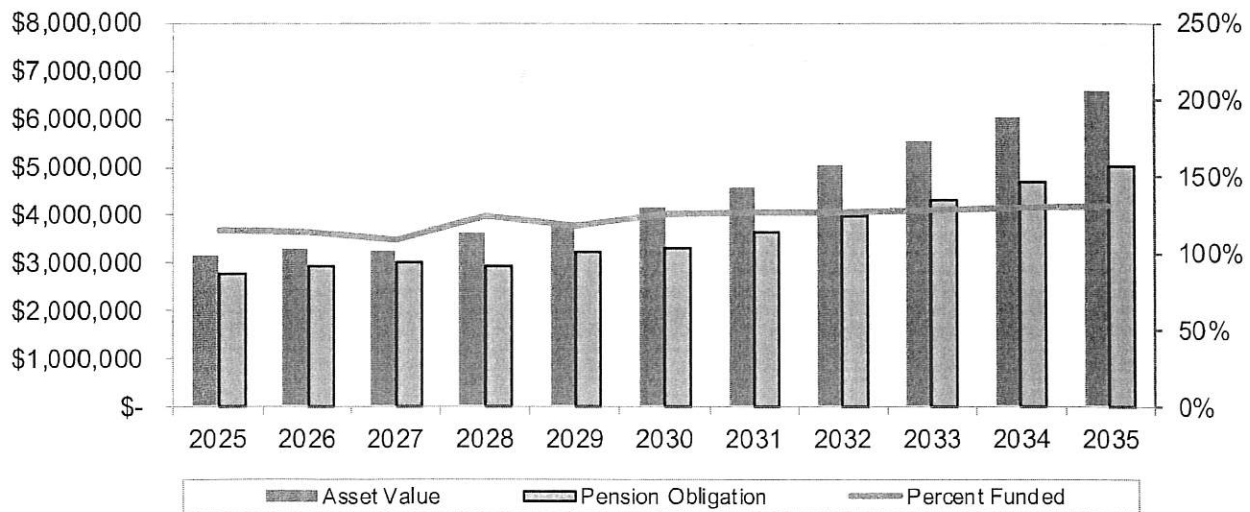
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### III. Summary of Alternatives (Continued)

Scenario 2 - Annual Benefit Level Increased to \$8,500 in 2025.

Summary with Benefit Level Increased to \$8,500 in 2025							
Year	Benefit Level	Municipal Contribution		Projected Accrued Liability	Projected Assets	Surplus/ (Deficit)	Percentage Funded
		Voluntary	Required				
2025	8,500	-	-	2,744,755	3,161,643	416,888	115%
2026	8,500	-	-	2,910,930	3,294,392	383,462	113%
2027	8,500	-	-	3,003,021	3,252,694	249,673	108%
2028	8,500	-	-	2,914,185	3,613,895	699,709	124%
2029	8,500	-	-	3,219,606	3,778,112	558,506	117%
2030	8,500	-	-	3,310,738	4,177,676	866,939	126%
2031	8,500	-	-	3,638,741	4,603,539	964,798	127%
2032	8,500	-	-	3,976,928	5,057,203	1,080,275	127%
2033	8,500	-	-	4,316,648	5,540,256	1,223,608	128%
2034	8,500	-	-	4,670,361	6,054,366	1,384,006	130%
2035	8,500	-	-	5,040,408	6,601,296	1,560,888	131%
Total		\$ -	\$ -				

#### Funding Level Scenario 2



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## III. Summary of Alternatives (Continued)

Scenario 3 - Annual Benefit Level Increased to \$8,500 in 2025 with a 5% investment loss in year 2027.

### Summary with Benefit Level Increased to \$8,500, 5% Investment Loss in Year 2027

Year	Benefit Level	Municipal Contribution		Projected Accrued Liability	Projected Assets	Surplus/ (Deficit)	Percentage Funded
		Voluntary	Required				
2025	8,500	-	-	2,744,755	3,161,643	416,888	115%
2026	8,500	-	-	2,910,930	3,294,392	383,462	113%
2027	8,500	-	-	3,003,021	2,923,255	(79,766)	97%
2028	8,500	-	-	2,914,185	3,267,983	353,798	112%
2029	8,500	-	-	3,219,606	3,414,906	195,300	106%
2030	8,500	-	-	3,310,738	3,796,309	485,572	115%
2031	8,500	-	-	3,638,741	4,203,103	564,362	116%
2032	8,500	-	-	3,976,928	4,636,746	659,818	117%
2033	8,500	-	-	4,316,648	5,098,776	782,127	118%
2034	8,500	-	-	4,670,361	5,590,812	920,451	120%
2035	8,500	-	-	5,040,408	6,114,564	1,074,156	121%
Total		\$ -	\$ -				

### Funding Level Scenario 3

