

BENEFIT PROJECTIONS

LONG LAKE FIRE VOLUNTEER FIRE RELIEF ASSOCIATION
LONG LAKE, MINNESOTA

FOR THE YEARS ENDED
DECEMBER 31, 2025 THROUGH 2030

Long Lake Volunteer Fire Department Relief Association
Long Lake, Minnesota
Benefit Projections
December 31, 2025, through December 31, 2030
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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 2030. 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:

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.

Revenue

State Aid - The Long Lake area was used for the 2025 aid calculation. The subsequent years assume a 3.5 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:

<u>Year</u>	<u>Scenarios</u>
2025	7.00%
2026	5.00%
2027	5.00%
2028	5.00%
2029	5.00%
2030	5.00%

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II. Summary of Assumptions (Continued)

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 \$8,500 in 2026.

Scenario 2 - Annual Benefit Level Increased to \$9,000 in 2026.

Scenario 3 - Annual Benefit Level Increased to \$9,500 in 2026.

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. Although management directed positive returns for next 6 years, an item to note is that a negative return in 2026 or beyond will trigger a municipal contribution for the \$9,000 and \$9,500 benefit level. For example a negative 5% return in 2026 will create a municipal contribution of \$4,704 in 2026 at the \$9,000 benefit level and a \$37,013 contribution in 2026 and \$14,019 in 2027 at the \$9,500 benefit level. Its important to keep this in mind as you are considering changes to benefit levels.

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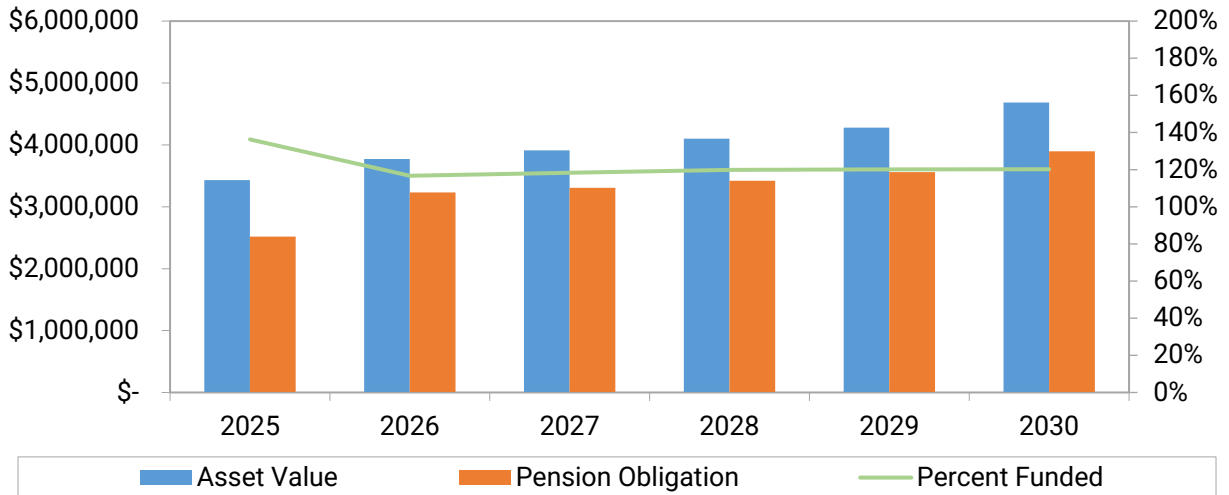
III. Summary of Alternatives

Scenario 1 - Annual Benefit Level increased to \$8,500 in 2026.

SUMMARY WITH BENEFIT LEVEL INCREASED TO \$8,500 IN 2026

YEAR	BENEFIT LEVEL	MUNICIPAL CONTRIBUTION		PROJECTED ACCRUED LIABILITY	PROJECTED ASSETS	SURPLUS/ (DEFICIT)	PERCENTAGE FUNDED
		Voluntary	Required				
2025	\$ 7,000	\$ -	\$ -	\$ 2,518,162	\$ 3,431,754	\$ 913,593	136%
2026	8,500	-	-	3,230,649	3,770,889	540,240	117%
2027	8,500	-	-	3,305,664	3,911,861	606,197	118%
2028	8,500	-	-	3,419,368	4,099,967	680,599	120%
2029	8,500	-	-	3,560,361	4,278,277	717,916	120%
2030	8,500	-	-	3,895,781	4,684,523	788,742	120%
Total		\$ -	\$ -				

Funding Level Scenario 1



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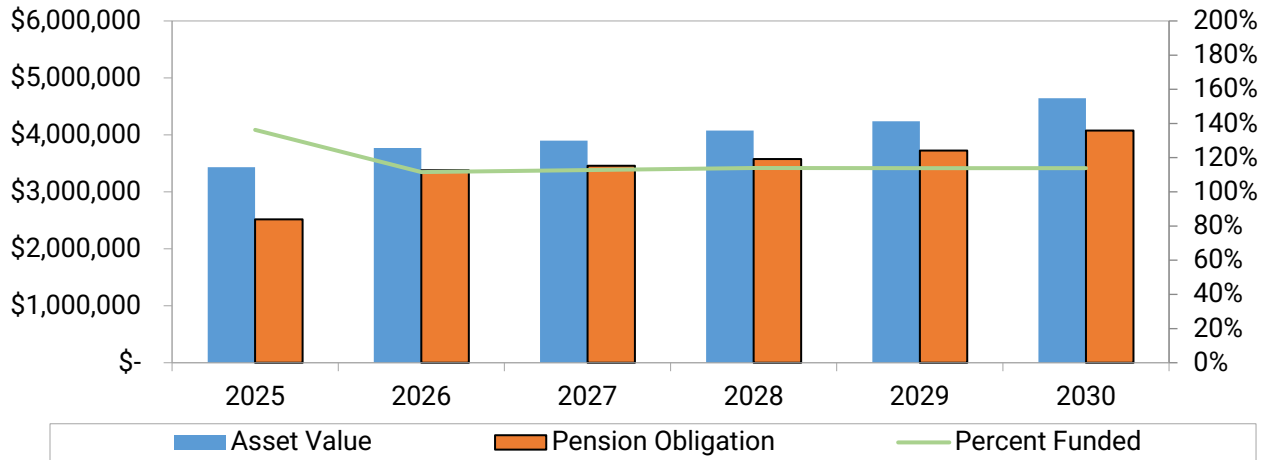
III. Summary of Alternatives (Continued)

Scenario 2 - Annual Benefit Level increased to \$9,000 in 2026.

SUMMARY WITH BENEFIT LEVEL INCREASED TO \$9,000 IN 2026

YEAR	BENEFIT LEVEL	MUNICIPAL CONTRIBUTION		PROJECTED ACCRUED LIABILITY	PROJECTED ASSETS	SURPLUS/ (DEFICIT)	PERCENTAGE FUNDED
		Voluntary	Required				
2025	\$ 7,000	\$ -	\$ -	\$ 2,518,162	\$ 3,431,754	\$ 913,593	136%
2026	9,000	-	-	3,379,615	3,770,889	391,274	112%
2027	9,000	-	-	3,459,042	3,898,861	439,819	113%
2028	9,000	-	-	3,577,380	4,075,317	497,936	114%
2029	9,000	-	-	3,724,511	4,239,895	515,383	114%
2030	9,000	-	-	4,077,398	4,644,222	566,824	114%
Total		\$ -	\$ -				

Funding Level Scenario 2



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III. Summary of Alternatives (Continued)

Scenario 3 - Annual Benefit Level increased to \$9,500 in 2026.

SUMMARY WITH BENEFIT LEVEL INCREASED TO \$9,500 IN 2026

YEAR	BENEFIT LEVEL	MUNICIPAL CONTRIBUTION		PROJECTED ACCRUED LIABILITY	PROJECTED ASSETS	SURPLUS/ (DEFICIT)	PERCENTAGE FUNDED
		Voluntary	Required				
2025	\$ 7,000	\$ -	\$ -	\$ 2,518,162	\$ 3,431,754	\$ 913,593	136%
2026	9,500	-	-	3,528,581	3,770,889	242,309	107%
2027	9,500	-	-	3,612,420	3,885,861	273,440	108%
2028	9,500	-	-	3,735,393	4,060,167	324,773	109%
2029	9,500	-	-	3,888,662	4,211,487	322,825	108%
2030	9,500	-	-	4,259,014	4,614,394	355,379	108%
Total		\$ -	\$ -				

Funding Level Scenario 3

