ANNUAL REPORT

MFPRSI

2024



A report for the pension trust for municipal firefighters and police officers in the State of Iowa.

MFPRSI MUNICIPAL FIRE & POLICE RETIREMENT SYSTEM OF IOWA

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Mission & Vision Statements

MFPRSI is an independent leader delivering promised retirement and disability benefits to eligible municipal firefighters and police officers through responsible stewardship of assets held in trust.

Independent
To operate as a self-directed system guided by fiduciary-based decision making.

Leader
To seek best practices and innovative ideas through research-driven processes, education, and trustworthy advisors and staff.

Promised
To deliver benefits earned through a 100% targeted funding policy, an investment portfolio that meets liquidity needs and return assumptions with acceptable risk, and quality and timely services.

Responsible
To ensure a durable structure by applying consistent standards, adapting with time, evaluating risk-reward measures, security, staffing, and results-based decision making.

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MFPRSI

Fiscal Year 2024 Highlights

Membership
4,253 active members[1]
4,997 inactive members[1]

Funding
84% funded ratio*[1]

Distributions
$224.5 million in benefits paid[2]
$2.0 million in refund of contributions paid[2]

Investing
$3.3 billion, market value of portfolio[3]
7.9% fiscal year return[3]

Contributions
$35.2 million from members[2]
$86.3 million from employers[2]
$0 from the State of Iowa[2]

Actuarial
$3.4 billion in actuarial value of plan assets[1]
$617 million of unfunded actuarial accrued liability[1]
$4.0 billion of total actuarial accrued liability[1]

*Based on the ratio of the actuarial value of assets to the actuarial accrued liability

Information provided by:
[1] HUB International
[2] Eide Bailly LLP
[3] Marquette Associates

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Chairperson's Letter

Marty Pottebaum
Board Chair

To our Members, City Representatives, and Stakeholders,

As chair of the Board of Trustees, it is an honor to introduce the Municipal Fire & Police Retirement System of Iowa's (MFPRSI) annual report for fiscal year 2024. This report summarizes our financial status and highlights our achievements during the past fiscal year, from July 1, 2023, to June 30, 2024.

As MFPRSI has done for the past 32 years, our goal is to always engage in thoughtful investment strategies in order to safeguard our system, members, city representatives, and all stakeholders for the longevity of the system.

In fiscal year 2024, we continued to base every decision on what is beneficial for the system currently and in the future – a strategy we will continue to follow in the years ahead. We do this because we understand that every step taken must be in the best interest of the brave firefighters and police officers who risk their lives every day to protect us and our communities.

Our promise is unwavering: We will continue to ensure that our stewardship of MFPRSI results in retirement and disability benefits always being delivered to eligible municipal firefighters and police officers. Since 1992, the retirement system has never missed a benefit payment, and we should all be proud of this accomplishment.

I am pleased to share this past year's investment return is 7.9 percent, which not only is a year-over-year increase, but it also exceeds our long-term actuarial target rate of 7.5 percent. As we move forward from a challenging few years of a pandemic, inflation, and other market uncertainties, MFPRSI is in a strong position to continue delivering on our promise. Our longer-term annualized performances of 5 and 10 years remain in the top quartile for defined benefit retirement systems similar to us, with benefits between $1 billion and $5 billion.

This growth is the result of persistent, thoughtful work by MFPRSI staff, the Board of Trustees, and our investment managers – the results of which you will see explained in more detail on the following pages.

Over the past year, our Board of Trustees reviewed our funding policy as we regularly do, which guides our trustees to ensure a secure and long-lasting retirement system. The funding policy provides reasonable assurance that the cost of benefits provided to our members will be funded in an equitable and sustainable manner. One goal of this policy is to maintain approximately level contribution percentages of our cities year to year to provide consistency for city budgeting purposes. We accomplished that feat again this year, with our contribution rate ticking only slightly upward from 22.66 percent to 22.68 percent starting July 1, 2025.

The Board and Administration updated its disability retirement program to comply with House File 2680 that was passed by the Iowa Legislature and signed by the Governor in May 2024. The bill changed multiple aspects of the disability retirement program, including increasing the membership contribution rate. The bill also made a change to the retirement income exclusion for tax purposes for surviving spouses. The Administration made necessary modifications to its administrative rules, forms, informational materials, and website. The changes will be effective in our next fiscal year starting July 1, 2024.

To sustain these necessary professions today and for future generations, I encourage you to read the story starting on page 8 regarding female firefighters and police officers who are introducing other young women to future careers in firefighting, law enforcement, and the military through the Iowa Hero Academy. Through innovative recruitment and retention strategies, such as this academy, today's members are designing new pathways that will sustain these vital careers for years to come.

Creating an annual report always provides me with a great opportunity to take a step back and review everything we have accomplished, not only over the past year but over the past 32 years of our system. I could not be more grateful to be part of an organization that commits to doing the hard work, day in and day out, to ensure that those who have committed their lives to public service never have to question whether retirement or disability benefits will be available to them once their time comes to step away from the job.

I look forward to another year of working with MFPRSI staff, Board of Trustees, investment managers, and each of you to deliver on our promise to protect the system today and to ensure its growth and stability for future generations.

Sincerely,

Marty Pottebaum
Board Chair

Academy Empowers Next Generation of Women Firefighters, Police, & Military

Once she donned her firefighter gear and air pack, Ayanna Murray finally saw her future clearly.

Murray, an Ankeny native and now a freshman studying communications and participating in Air Force ROTC at the University of Iowa, took part in the Iowa Hero Academy this summer.

In July 2022, women team members of the Des Moines Fire Department and Des Moines Police Department collaborated on recruitment and retention strategies for women team members – and the Iowa Hero Academy was born.

Every summer, young women ages 16-18 head to Camp Dodge in Johnston for an immersive, weeklong overnight camp to better understand the careers available to them as a firefighter, police officer, or military member.

Both departments strive to ensure the ongoing strength and vitality of their workforces, which will in turn ensure that member cities of the Municipal Fire and Police Retirement System of Iowa (MFPRSI) continue to maintain a strong roster of current and prospective firefighters and police officers.

"When I was growing up on the south side of Des Moines, I had never done anything like this before," said Hali VanVelzen, a Des Moines firefighter and paramedic, and founding member of the Iowa Hero Academy. "If I would have had something like this when I was that age, it would have been eye-opening."

That was the case for Murray, whose dream of one day becoming a firefighter was solidified after her experience at the Iowa Hero Academy.

"When I heard this was run only by women, I jumped at the opportunity," Murray said. "I was very nervous going in because I didn't know what to expect, but this was the best thing I could have done for myself.

"Being able to talk to women firefighters, military, and police

Ayanna Murry (L) and
Hali VanVelzen (R)

"

I was very nervous going in because I didn't know what to expect, but this was the best thing I could have done for myself."

- Ayanna Murray

officers gave me comfort because I knew that they had experienced what we go through, that they knew what it is to be a woman and a minority in a male-dominated workforce."

Payton Mercer (R) with a camp participant

Growing up, Payton Mercer considered joining the military, but knee injuries from soccer meant it was no longer an option. While she went to college with plans to become a teacher, she eventually pivoted to law enforcement.

Now a police officer with the Des Moines Police Department, Mercer was thrilled to help launch the Iowa Hero Academy.

"This gives young women the opportunity to explore what they want to do as an individual, to be around powerful women who are OK being exactly who they are – and own it," Mercer said.

The program is unique in that it provides insight into fire, police, and military rather than only focusing on one path. It's a hands-on experience, with leaders working to make it as realistic as possible. The camp runs young women through every aspect of each career, from search and rescue and hose handling to ride-alongs and SWAT response to Q&A sessions with leaders from all three careers.

The academy received 60 applications this year, and 26 were selected – a strategic decision to ensure every participant can create meaningful, one-on-one connections with the academy leaders. They recruit from high schools throughout Iowa, working with school counselors and Iowa Jobs for America's Graduates (iJAG) programs to find interested students. They also partner with fire and police departments throughout Iowa to spread the word.

"This isn't just an academy for Des Moines," VanVelzen said. "We're trying to build a future for these career paths because their communities affect our communities and vice versa."

The leaders hope all participants carry these values into their professional lives – even if that doesn't include fire, police, or military.

"We want to show these girls that it's a big world, and no matter your job, you can take the attributes of being a strong leader into whatever you do," Mercer said.

Because you have to be at least 21 years old to apply to Des Moines Fire or Police, they haven't yet seen academy alumni yet – but the professionals stay in touch with all previous participants in order to continue the mentorship beyond the academy.

Murray hopes to one day mentor young women in the same way she was mentored.

> "We want to show these girls that it's a big world, and no matter your job, you can take the attributes of being a strong leader into whatever you do."
>
> - Payton Mercer

“Once I graduate from college, I want to serve my community, my country, and my fire department,” Murray said. “I strive to always be a better person by giving back to the community, which in turn makes me a better person.”

“I’m glad Ayanna participated in the Iowa Hero Academy,” VanVelzen said. “Now, I can’t wait for her to be my coworker.”

Iowa Hero Academy, Class of 2024

Introduction

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Retirement System Overview

MFPRSI was created by the Iowa General Assembly in 1990 to establish a statewide retirement system for fire and police personnel covered by the provisions of Iowa Code Chapter 411. Upon its establishment, MFPRSI consolidated 87 local fire and police retirement systems formerly administered by 49 of Iowa's largest cities. The retirement system initiated its formal operations on January 1, 1992, to administer the retirement benefits for fire and police personnel in Iowa's participating cities.

The mission of MFPRSI is to be an independent leader delivering promised retirement and disability benefits to eligible municipal firefighters and police officers through responsible stewardship of assets held in trust. The programs of the retirement system include the payment of pension benefits for service retirement, ordinary disability retirement, accidental disability retirement, survivors of deceased members (e.g., spouse and dependent benefits), and the refund of contributions upon withdrawal by a terminated member.

In its effort to accomplish its goals, MFPRSI administers a contributory defined benefit plan for firefighters and police officers as established in Iowa Code Chapter 411. The benefits available through the retirement system are based on a formula using the average of the highest three years of earned wages as a member and a multiplier based on years of membership service.

In addition to service retirement benefits, MFPRSI offers a comprehensive disability program that includes establishing standards for entrance physical and mental examinations, guidelines for ongoing fitness and wellness, and post-disability retirement compliance requirements.

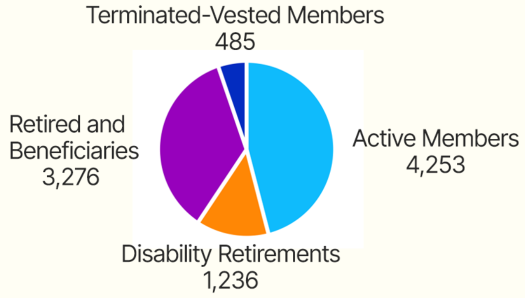
Firefighters and police officers in the participating cities are granted membership by Iowa Code Chapter 411. Participants are vested upon attaining four years of membership service. Vested status may also be achieved by actively earning service credit at age 55 or older.

The Board of Trustees ("Board") represents the firefighter and police officer memberships, cities, and citizens of Iowa, while the Iowa General Assembly provides the retirement system with direction and oversight. Iowa Code also includes specific authorization to administer each of the following: actuarial services, medical board, legal services, and organization and staff. The individuals comprising the administrative staff are available to assist members, city officials, and interested parties with any questions or concerns about the retirement program.

Membership

MFPRSI had 9,250 members at the end of fiscal year 2024, with 4,253 active members employed by the 49 participating cities. Of the remainder, 1,236 receive benefits due to disability, 3,276 are either retired or a beneficiary, and 485 are terminated-vested members. MFPRSI made over 52,000 accurate and timely benefit payments over the course of the fiscal year. Approximately 99 percent of those payments were made via electronic funds transfer.

Membership Breakdown



During the year members received annual statements summarizing their contributions as well as a newsletter highlighting news, statistics, and announcements.

Investments

Member benefits are made available through employee contributions, employer contributions, and investment earnings. Of those three sources, the investment portfolio provides the greatest percentage of income. MFPRSI manages an investment portfolio that is well diversified with a long-term investment horizon. The portfolio is designed to capture positive investment returns in public equity, fixed income, real assets, and private markets when the markets are up while minimizing losses during negative investment periods.

Investment Performance

7.9%
1-Year

3.3%
3-Year*

8.1%
5-Year*

6.8%
10-Year*

7.8%
Since Inception*

*Annualized

The fund is monitored by a staff of investment officers at MFPRSI under the direction of the Executive Director and the Chief Investment Officer. Investment recommendations are made by the Executive Director; Chief Investment Officer; Marquette Associates ("Marquette"), MFPRSI's investment consultant; and, investment officers. In turn, the Board uses the information provided by those parties to make final decisions on asset allocation. On an annual basis, and more frequently as necessary, the Board reviews and revises the investment policy.

MFPRSI's investment portfolio returned 7.9 percent in fiscal year 2024. The ten-year annualized return for the period ending June 30, 2024, was 6.8 percent. The long-term target rate of return, as determined by the Board, is 7.5 percent. The target rate is adopted by the Board as the assumed rate of return the investment portfolio can return while taking an acceptable amount of risk. The investment portfolio's annualized performance since inception in 1992 is 7.8 percent.

Accomplishments

Over the course of fiscal year 2024 (July 1, 2023, to June 30, 2024), MFPRSI engaged in several activities pertaining to both the retirement system's active and retired memberships as well as to the financial management of its investment assets. The projects described below were intended to enhance the services provided to the membership and cities or to augment the investment portfolio.

Administration

The administration presented its Interim Report to the Iowa General Assembly. This report is presented to the legislature once every two years and it provides a high-level overview of the retirement system and its components.

The Board analyzed its relationship with its legal counsel, BrownWinick, and renewed its contract for an additional three years.

The Board adopted a revised MFPRSI Administrative Rules that repealed MFPRSI Administrative Rule 1.12, on an emergency basis pursuant to MFPRSI Administrative Rule 4.8, pursuant to a finding that the rule in question confers a benefit or removes a restriction on the public.

- Additionally, the Board adopted the addition of mental examinations to Chapter 9.6(3) and Chapter 13 of the MFPRSI Administration Rules, on an emergency basis pursuant to MFPRSI Administrative Rule 4.8, pursuant to a finding that the rules in question confer a benefit or remove a restriction on the public.

The contract with Wixted & Co., the retirement system's communications consultant, was renewed for an additional three-year term.

The contract with Marquette Associates, the retirement system's investment consultant, was renewed for an additional three-year term.

The Board and Administration updated its disability retirement program to comply with House File 2680 that was passed by the Iowa Legislature and signed by the Governor in 2024. The bill changed multiple aspects of the disability retirement program, including increasing the membership contribution rate. The bill also made a change to the retirement income exclusion for tax purposes for surviving spouses. The Administration made necessary modifications to its administrative rules, forms, informational materials, and website. The revisions to the program were effective July 1, 2024.

Enrollment in My411, the retirement system's online portal for members, continued to climb. As of the end of the fiscal year, over 3,100 members had registered. The administration continued to work with its online account vendor to assure safe and secure access for its membership.

Financial and Investments

The Board committed $30 million to Siguler Guff Hawkeye toward a Private Credit separate account.

A $30 million investment was made to a co-investment strategy with the Sigular Guff Hawkeye fund; a $45 million investment to Adams Street Cyclone, split $25 million to a middle market buyout strategy and $20 million to European buyout; and, a $20 million to Industry Ventures Fund VII, an early-stage venture capital fund of funds.

A review of investment manager fee structures was organized by MFPRSI's investment consultant, Marquette Associates. The analysis covered the two types of investment manager fee formats in the retirement system's investment portfolio, traditional fee structure and alternative (or closed-end) fund fee structure.

As part of the annual review of its overall governance of the investment portfolio, the Board adopted its investment policy for the fiscal year.

Benefit Plan

The Board approved the city contribution rate at 22.66 percent, effective July 1, 2024.

As part of its regular review of its funding policy, the Board adopted a policy that provides reasonable assurance that the cost of benefits provided to the members of MFPRSI under the provisions of Iowa Code Chapter 411 will be funded in an equitable and sustainable manner. The policy provides a financing pattern that computes and requires contribution amounts which, expressed as percentages of active member payroll, remains approximately level from year to year and from one generation of taxpayers to the next generation.

Led by BrownWinick, the retirement system's legal counsel, the Board analyzed national trends in first responder disability benefits. The review identified multiple themes and trends from across the nation, which the Board used to reflect on and compare with MFPRSI's disability benefits program.

Board Elections

Frank Guihan was appointed by the Iowa Professional Fire Fighters (IPFF) as the retired firefighter representative to the board. He took the seat previously occupied by June Anne Gaeta. Guihan has previous experience on the board as the retired firefighter representative from 2012 to 2021. Guihan was a firefighter for the Burlington Fire Department.

Jennifer Sease was reappointed to a four-year term to the board by the Iowa League of Cities as a representative of the employing cities.

Marty Pottebaum and Duane Pitcher were both appointed by their peers as Chairperson and Vice Chairperson, respectively.

Board of Trustees

The activities of MFPRSI are under the direction of its Board which has nine voting members and four non-voting, legislative representatives. The voting coalition of the Board is comprised of four representatives of the active and retired fire and police memberships, four representatives of the cities, and one private citizen. Individuals are appointed to four-year terms by the fire and police associations and by the Iowa League of Cities. The eight voting members select a private citizen to serve as the ninth voting member. Non-voting members are chosen by the leadership of the Iowa Senate and Iowa House of Representatives and serve two-year terms.

Voting Members

Marty Pottebaum

Chair
Retired Police Officer
Sioux City

Duane Pitcher

Vice Chair
Citizen
Ames

Frank Guihan

Retired Firefighter
Burlington

Mallory Merritt

City Representative
Davenport

Laura Schaefer

City Representative
Carroll

Nickolas Schaul

City Representative
Des Moines

Jennifer Sease

City Representative
Ankeny

Eric Snyder

Active Police Officer
Ames

Jason Zilk

Active Firefighter
Des Moines

Non-Voting Members

Kenan Judge

Representative
House District 27

Matthew Rinker

Representative
House District 99

Nate Boulton

Senator
Senate District 20

Tim Kraayenbrink

Senator
Senate District 4

Staff

The day-to-day management of MFPRSI is delegated to an Executive Director who is appointed by the Board and serves at its discretion. The Executive Director, Deputy Director, Chief Investment Officer, and administrative staff are responsible for the administration of the retirement system.

Staff Responsibilities

The Executive Director, Deputy Director, and Chief Investment Officer act as advisors to the Board on all issues relevant to MFPRSI, establish contracts for professional services, and employ the remaining staff needed to maintain the retirement system.

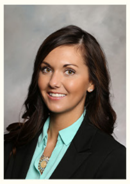
The Senior Pension Officers administer payrolls, and establish and maintain the membership records of the retirement system. Additionally, they communicate with members regarding benefit and membership status.

The Accountant/Investment Officer performs accounting, auditing, and control functions of the retirement system. They also provide analysis for the investment portfolio. The Investment/Communications Officer creates visual/print materials and provides analysis for the investment portfolio.

The Administrative Officer works with management to conduct the overall administration of the retirement system.

Staff

Dan Cassady
Executive Director



BriAnna Nystrom
Deputy Director

Carlton Chin
Chief Investment Officer

Hannah Allen
Administrative Officer

Ryan Bartlett
Senior Pension Officer

James Bybee
Accountant / Investment Officer

Angie Conner
Senior Pension Officer

Kathy Fraise
Senior Pension Officer

Jill Hagge
Senior Pension Officer

Cody Jans
Investment / Communications Officer

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Independent Auditor's Report

Management's Discussion and Analysis

Statement of Fiduciary Net Position as of
June 30, 2024 and 2023

Statement of Changes in Fiduciary Net Position for the Years Ended
June 30, 2024 and 2023

Notes to Financial Statements as of and for the Years Ended
June 30, 2024 and 2023

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Municipal Fire and Police Retirement System of Iowa (MFPRSI), which comprise the statements of fiduciary net position as of June 30, 2024 and 2023, and the related statements of changes in fiduciary net position for the years then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of MFPRSI, as of June 30, 2024 and 2023, and the respective changes in fiduciary position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of MFPRSI 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.

Emphasis of Matter

As discussed in Notes 2 and 4 to the financial statements, total system investments include investments valued at $1,340.7 million (40.2% of total assets) and $1,346.8 million (42.1% of total assets) as of June 30, 2024 and 2023, respectively, whose fair values have been estimated by management in the absence of readily determinable values. Management's estimates are based on information provided by the fund managers or the general partners. Our opinion is not modified with respect to that matter.

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 MFPRSI's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 and *Government Auditing Standards* 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 MFPRSI'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 MFPRSI'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 required supplementary information on pages 23-28 and 56-64 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 who 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 GAAS, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction, actuary, investments, and benefits sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024 on our consideration of MFPRSI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MFPRSI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MFPRSI's internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
October 10, 2024

Management's Discussion and Analysis

The following discussion and analysis of the Municipal Fire and Police Retirement System of Iowa's (MFPRSI or retirement system) financial performance provides an overview of the retirement system's financial activities for the fiscal years ended June 30, 2024 and 2023. Please read in conjunction with the basic financial statements, which follow this discussion. These statements represent the current condition from an accounting perspective, but do not reflect MFPRSI's actuarial status. Refer to MFPRSI's actuarial valuation for its funding status regarding long-term benefit obligations.

FINANCIAL HIGHLIGHTS

- Retirement system assets exceeded its financial liabilities at the close of the fiscal years 2024 and 2023 by $3,311,608,929 and $3,175,750,413 (reported as plan net position restricted for pension benefits), respectively. Net position restricted for pension benefits is held in trust to meet future benefit payments.

- Additions for the year ended June 30, 2024, were $364,777,347, which is comprised of contributions of $121,438,994, net investment income of $243,299,879, and other income of $38,474. Additions for the year ended June 30, 2023, were $304,179,047, which is comprised of contributions of $120,829,273, net investment gain of $182,866,808, and other income of $482,966.

- Benefit payments were $224,527,464 and $214,140,489 for the years ended June 30, 2024, and 2023, respectively, a 4.9% increase from year to year.

THE STATEMENT OF FIDUCIARY NET POSITION AND THE STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

This annual financial report consists of two financial statements, the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These financial statements report information about the financial condition of the retirement system, as a whole, and should help answer the question: Is MFPRSI, as a whole, better off or worse off as a result of this fiscal year's experience? These financial statements include all assets and liabilities using the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Fiduciary Net Position presents all of MFPRSI's assets and liabilities, with the difference between assets and liabilities reported as plan net position restricted for pension benefits. Over time, increases and decreases in plan net position restricted for pension benefits is one method of measuring whether the retirement system's financial position is improving or deteriorating. The Statement of Changes in Fiduciary Net Position presents the changes in plan net position during the respective fiscal year.

FINANCIAL ANALYSIS

MFPRSI's assets as of June 30, 2024, and 2023 were approximately $3.34 billion and $3.20 billion, respectively, and were primarily comprised of investments, cash, receivables from brokers, and contributions due from employers. The $139,697,547, or 4.4%, increase in assets from June 30, 2023, to June 30, 2024, was primarily due to the unrealized gains experienced in invested assets.

As discussed in Notes 2 and 4 to the financial statements, total retirement system investments include investments valued at $1,340.7 million (40.2% of total assets) and $1,346.8 million (42.1% of total assets) as of June 30, 2024, and 2023, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners.

Total liabilities as of June 30, 2024, and 2023 were $27,835,437 and $23,878,213, respectively, and were primarily comprised of obligations under benefits and refunds payable, as well as payable to brokers for unsettled trades. The $3,957,224, or 16.6%, increase in liabilities from June 30, 2023, to June 30, 2024, was due to an increase in payables to brokers for unsettled trades.

During the year ended June 30, 2024, plan net position restricted for pension benefits increased $135,858,516, or 4.3%, from the previous fiscal year, primarily due to the unrealized gains experienced in invested assets. This is in comparison to the previous fiscal year, when net position increased by $85,703,551, or 2.8%, from the prior year.

Condensed Statement of Fiduciary Net Position (In Thousands of $)

Assets:	2024	2023	2024/2023 % Change	2022	2023/2022 % Change
Cash	$13,073	$10,822	20.8%	$7,535	43.6%
Investments	3,318,028	3,178,812	4.4%	3,123,603	1.8%
Receivables	8,030	9,677	-17.0%	63,381	-84.7%
Other assets	130	253	-48.6%	142	78.2%
Total assets	$3,339,261	$3,199,564	4.4%	$3,194,661	0.2%
Pension related deferred outflows	202	131	54.2%	135	-3.0%
Liabilities:					
Benefits and refunds payable	19,627	18,911	3.8%	18,710	1.1%
Investments management expenses payable	2,350	4,003	-41.3%	1,931	107.3%
Administrative expenses payable	393	477	-17.6%	427	11.7%
Net Pension Liability attributed to IPERS	540	479	12.7%	17	2717.6%
Payable to brokers for unsettled trades	4,925	8	61,462.5%	83,022	-100.0%
Total liabilities	$27,835	$23,878	16.6%	$104,107	-77.1%
Pension related deferred inflows	19	67	-71.6%	642	-89.6%
Plan net position restricted for pension benefits	$3,311,609	$3,175,750	4.3%	$3,090,047	2.8%

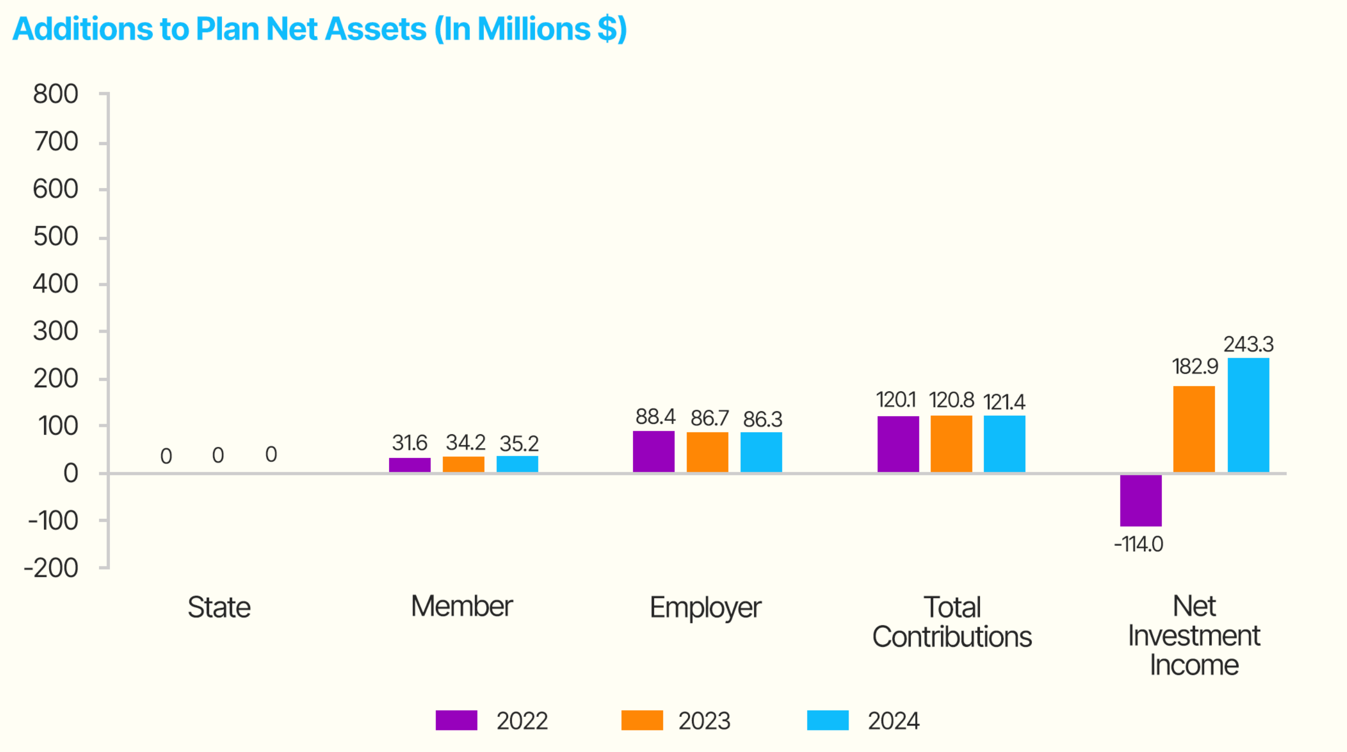
Condensed Statement of Changes in Fiduciary Net Position (In Thousands of $)

	2024	2023	2024/2023 % Change	2022	2023/2022 % Change
Additions:					
Contributions	$121,439	$120,829	0.5%	$120,053	0.6%
Net investment income	243,300	182,867	33.0%	(113,965)	-260.5%
Other income	38	483	-92.1%	10	4730.0%
Total additions	364,777	304,179	19.9%	6,098	4888.2%
Deductions:					
Benefits and refund payments	226,582	216,186	4.8%	207,530	4.2%
Administrative expenses	2,336	2,290	2.0%	2,131	7.5%
Total deductions	228,918	218,476	4.8%	209,661	4.2%
Net increase (decrease)	135,859	85,703	58.5%	(203,563)	-142.1%
Plan net position restricted for pension benefits:					
Beginning of year	3,175,750	3,090,047	2.8%	3,293,610	-6.2%
End of year	$3,311,609	$3,175,750	4.3%	$3,090,047	2.8%

REVENUES – ADDITIONS TO FIDUCIARY NET POSITION

Reserves needed to finance retirement benefits are accumulated through the collection of contributions and earnings on investments. Contributions and net investment income for the fiscal year 2024 totaled $364,738,873.

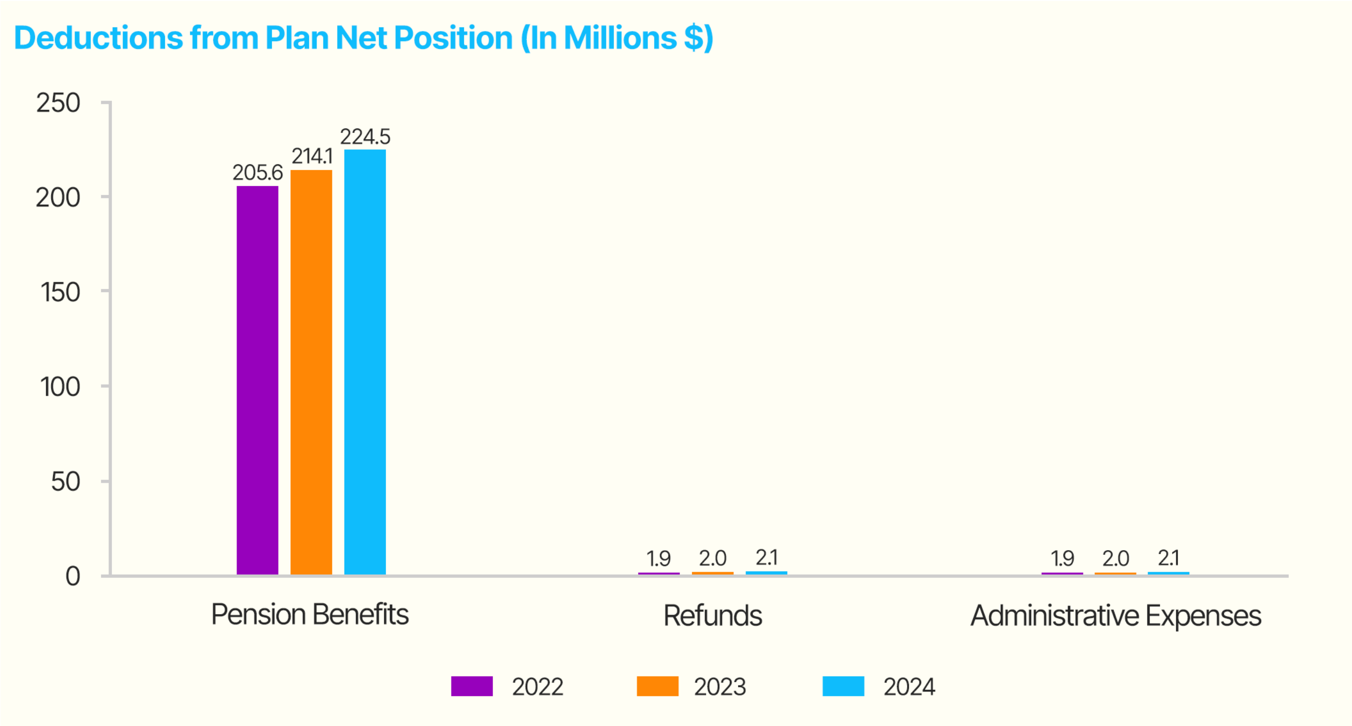
Contributions increased from the previous year by $609,721. This increase is primarily due to an increase in the earnable compensation of members. Net investment income increased from the previous year by $60,433,071. This change is primarily due to a net appreciation in the fair value of assets.



EXPENSES – DEDUCTIONS FROM FIDUCIARY NET POSITION

MFPRSI's principal expenses include the payment of pension benefits to retired members and beneficiaries, refund of contributions to former members, and the cost of administering the retirement system. Total deductions for the fiscal year 2024 were $228,918,831, an increase of 4.8% over fiscal year 2023 deductions.

Pension benefit payments increased by $10,386,975, or 4.9%, from the previous year. Refund of contributions increased by $8,870, or 0.4%. These changes are primarily due to the annual escalator and the number of refund applications in 2024.



THE RETIREMENT SYSTEM AS A WHOLE

It is important to note the financial obligations established by the Iowa legislature in Iowa Code Chapter 411 are committed benefits, which are to be funded through the contributions made by the employers and the membership, in concert with the long-term return on investments. The "public policy" within Iowa has always been to meet the benefit commitments of the pension plans. The history of the plan benefits under Chapter 411 traces to 1934. The funding methods established by the legislature in the Iowa Code, whereby contributions are made from the individual employers and members, coupled with the "prudent person" concept for investment policy, provides the financial foundation for this public policy.

CONTACTING MFPRSI

This financial report is designed to provide MFPRSI's Board of Trustees, membership, and cities a general overview of the retirement system's finances and to demonstrate accountability for assets. Questions and additional financial information can be found by contacting MFPRSI's office in writing at 7155 Lake Drive, Suite 201, West Des Moines, IA 50266.

Statement of Fiduciary Net Position as of June 30, 2024 and 2023

	2024	2023
Assets:		
Cash	$13,073,017	$10,821,958
Investments, at fair value:		
U.S. government obligations	131,279,323	105,966,338
U.S. corporate fixed income	99,275,282	111,623,184
U.S. equity securities	499,428,025	406,892,555
Foreign equity securities	406,127,189	391,514,258
Commingled fixed income	39,175,572	41,103,374
Multi-strategy commingled fund	58,680,159	56,372,519
Short-term investments and currency positions	29,260,332	24,037,735
Infrastructure	103,851,798	115,125,818
Real estate	258,208,668	309,137,877
Private equity	859,889,713	806,170,666
Private credit	60,103,412	60,021,378
Absolute return	73,119,344	73,849,851
Fund of funds commingled investments	699,629,639	676,996,107
Total investments - at fair value	3,318,028,456	3,178,811,660
Receivables:		
Contributions	5,900,286	6,894,283
Investment income and unsettled trades	2,129,773	2,783,053
Total receivables	8,030,059	9,677,336
Other assets	129,739	252,770
Total assets	3,339,261,271	3,199,563,724
Pension related deferred outflows	202,495	131,039
Liabilities:		
Benefits and refunds payable	19,627,424	18,910,844
Investment management expenses payable	2,349,856	4,003,145
Administrative expenses payable	392,974	476,732
Net pension liability attributed to IPERS	540,401	478,702
Payable to brokers for unsettled trades, net	4,924,782	8,790
Total liabilities	27,835,437	23,878,213
Pension related deferred inflows	19,400	66,137
Plan net position restricted for pension benefits	$3,311,608,929	$3,175,750,413

See notes to financial statements

Statement of Changes in Fiduciary Net Position for the Years Ended June 30, 2024 and 2023

	2024	2023
Additions:		
Contributions:		
Member	$35,174,126	$34,165,042
Employer	86,264,868	86,664,231
State appropriations	-	-
Total contributions	121,438,994	120,829,273
Investment income:		
Interest	19,534,753	13,036,176
Dividends	11,089,746	13,160,790
Net appreciation in fair value of investments	233,122,721	172,924,270
Net investment income from investment activity	263,747,220	199,121,236
Less investment expenses:		
Management fees and other	20,447,341	16,254,428
Net investment income	243,299,879	182,866,808
Other income	38,474	482,966
Total additions	364,777,347	304,179,047
Deductions:		
Benefit payments	224,527,464	214,140,489
Refund payments	2,054,735	2,045,865
Administrative expenses	2,052,519	1,990,888
Disability expenses	284,113	298,254
Total deductions	228,918,831	218,475,496
Net increase	135,858,516	85,703,551
Plan net position restricted for pension benefits:		
Net Position - Beginning	3,175,750,413	3,090,046,862
Net Position - Ending	$3,311,608,929	$3,175,750,413

See notes to financial statements

Notes to Financial Statements as of and for the Years Ended June 30, 2024 and 2023

1. PLAN DESCRIPTION

General

MFPRSI was created under Chapter 411.35 of the Code of Iowa to replace 87 separate fire and police retirement systems from 49 cities and one county in Iowa (a collection of “separate systems”). Effective January 1, 1992, the separate systems were terminated, and the respective entities were required to transfer assets to MFPRSI equal to their respective accrued liabilities (as measured by MFPRSI’s actuary). Upon transfer of the assets, MFPRSI assumed all membership, benefits rights, and financial obligations of the separate systems.

MFPRSI is the administrator of a multi-employer, cost sharing, defined-benefit pension plan for the exclusive benefit of eligible employees of participating cities (substantially all full-time employees of the respective cities’ fire and police departments). It is governed by a nine-member Board of Trustees (Board) who are appointed by police and fire associations and by the Iowa League of Cities. The eight voting members select a private citizen to serve as the ninth voting member. The Board is authorized by the state legislature to make investments, pay benefits, set contributions rates, hire staff and consultants, and perform all necessary functions to carry out the provisions of the Code of Iowa. MFPRSI is separate and apart from state government and is not included in the state’s financial statements.

At June 30, 2024, MFPRSI was comprised of 49 cities covering 4,253 active members; 485 terminated members entitled to benefits; and 4,512 retired firefighters, police officers, bailiffs, and eligible beneficiaries across Iowa. At June 30, 2023, MFPRSI was comprised of 49 cities covering 4,168 active members; 465 terminated members entitled to benefits; and 4,433 retired firefighters, police officers, bailiffs, and eligible beneficiaries across Iowa.

Funding

Member - Member contribution rates are set by state statute. In accordance with Iowa Code Chapter 411 as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the years ended June 30, 2024, and 2023.

Employer - Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by one percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 22.98% and 23.90% for the years ended June 30, 2024, and 2023, respectively.

State Appropriations - State appropriations are approved by the state legislature and may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – *Financial Reporting for Pension Plans*, (GASB 67). There were no State appropriations for the years ended June 30, 2024, and 2023.

Benefits Provided

Participating members are entitled to the benefit provisions in effect on the member's date of termination. The following is a summary of MFPRSI's benefit provisions for the years ended June 30, 2024, and 2023:

Retirement - Members with four or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with four to 22 years of service based on the ratio of years completed to years required (22 years). Members with less than four years of service are entitled to a refund of their contribution only, with interest for the period of employment.

Benefits are calculated based upon the member's highest three years of compensation. The average of these three years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (two percent for each additional year of service, up to a maximum of eight years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Disability and Death - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with five or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than five years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased ("escalated") annually in accordance with Iowa Code Chapter 411.6 which states a standard formula for the increases.

Traumatic Personal Injury - The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a $100,000 lump-sum payment.

Deferred Retirement Option Plan (DROP) - Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Plan (DROP). DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue working. A member can elect a three-, four-, or five-year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

The balance of the amounts held by the retirement system pursuant to the DROP is $19,132,000 as of June 30, 2024, and $18,442,000 as of June 30, 2023.

Net Pension Liability of the Retirement System - The components of MFPRSI's net pension liability at June 30, 2024, and 2023 were as follows:

	2024	**2023**
Total pension liability	$3,972,391,382	$3,801,949,463
Plan fiduciary net position	(3,311,608,929)	(3,175,750,413)
Retirement system's net pension liability	$660,782,453	$626,199,050
Plan fiduciary net position as a percentage of the total pension liability	83.37%	83.53%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2024 and 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 to 15.11 percent including inflation
Investment rate of return	7.5 percent, net of investment expense

Mortality rates as of June 30, 2024, and 2023 were based on RP 2014 Blue Collar Healthy Annuitant table with males set-forward zero years, females set-forward two years, and disabled set-forward three years (male only rates) with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The actuarial assumptions used in the June 30, 2024 valuation was based on the results of an actuarial experience study for the period of July 1, 2012, to June 30, 2022.

The actuarial assumptions used in the June 30, 2023 valuation was based on the results of an actuarial experience study for the period of July 1, 2012, to June 30, 2022.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Broad Fixed Income	4.8%
Broad U.S. Equity	7.5%
Global Equity	7.6%
Broad Non-US Equity	7.7%
Managed Futures	5.5%
Core Real Estate	6.0%
Opportunistic Real Estate	9.8%
Global Infrastructure	6.7%
Private Credit	9.4%
Private Equity	10.2%

Discount rate – The discount rate used to measure the total pension liability was 7.5 percent, net of investment expenses. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that city employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents MFPRSI's net pension liability calculated using the discount rate of 7.5 percent, as well as what the retirement system's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

		2024	
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
MFPRSI's Net Pension Liability (Asset)	$1,149,667,694	$660,782,453	$256,119,840

		2023	
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
MFPRSI's Net Pension Liability (Asset)	$1,096,680,618	$626,199,050	$236,732,612

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

MFPRSI prepared its financial statements using the accrual basis of accounting. It recognizes member and employer contributions as revenues in the month member earnings are paid. Benefits and refunds are recognized as expenses when payable. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. MFPRSI's estimates are primarily related to the valuation of various investment instruments, including real estate, infrastructure, private equity, and the multi-strategy commingled fund, as well as the total pension liability. Actual results could differ from those estimates.

Investments

MFPRSI's securities are reported at fair value. Where appropriate, the fair value includes estimated disposition costs. Certificates of deposit are recorded at amortized cost which approximates fair value. Interest income is recognized when earned. Dividend income is recognized on the ex-dividend date. Gains or losses on stocks and bonds are recognized on an average cost basis calculated separately for each investment manager. Other gains and losses are recognized on an identified cost basis. Gains and losses on sales and exchanges are recognized on the trade date. The fair values of marketable securities held at June 30 are determined by using the closing price listed on national securities exchanges and quoted market prices are provided by independent pricing services. For commingled funds, the net asset value is determined and certified by the commingled fund manager. Investments in real estate, infrastructure, private equities, and the multi-strategy commingled fund which invest in both publicly and privately owned securities are valued based on estimates and assumptions of general partners, partnership valuation committees, or third party appraisal firms in the absence of readily determined fair values. Such valuations generally reflect cash flows, discounts for illiquidity and consider variables such as financial performance of investments, recent sales prices of investments, and other pertinent information.

Investment Policy

The retirement system's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The retirement system'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. The following was the Board's adopted asset allocation policy as of June 30, 2024 and 2023:

Asset Class	Target Allocation
Core Investments	44.5%
Strategic Investments	33.5%
Illiquid Investments	22.0%
Total	100%

Rate of Return

For the years ended June 30, 2024, and 2023, the annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 7.93% and 5.92%, respectively. The money-weighted rate of return, calculated arithmetically, expresses investment performance net of investment expense adjusted for the changing amounts actually invested.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of fiduciary net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. MFPRSI has only one item related to pensions which qualifies for reporting in this category. See Note 6 for additional details.

In addition to liabilities, the statement of fiduciary net position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to future periods, so will not be recognized as an inflow of resources (revenue) until that time. MFPRSI has only one item related to pensions which qualifies for reporting in this category. See Note 6 for additional details.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

3. CASH

For cash deposits, custodial credit risk is the risk that in the event of a bank failure, MFPRSI's deposits may not be returned. The table below presents a summary of cash balances of the retirement system at June 30, 2024 and 2023:

	2024	2023
Insured	$250,000	$250,000
Uninsured and uncollateralized	13,027,849	10,841,587
Bank balance - June 30	13,277,849	11,091,587
Less:		
Pending Bank Transactions	204,832	269,629
Cash - Statement of Fiduciary Net Position	$13,073,017	$10,821,958

4. INVESTMENTS

Investment Policy

The investment authority, as prescribed by the Code of Iowa, is governed by the "prudent person rule." This rule requires that an investment be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an entity of a like character with like aims. Within the prudent person framework the Board has adopted investment guidelines for the retirement system's investment program.

Due to state statute, MFPRSI is prohibited from holding direct investments in the Sudan, Iran, China, and companies that boycott Israel.

The following investment vehicles are permitted by MFPRSI's investment policy and may be considered for the retirement system's funds:

Stocks and Bonds (Domestic, International & Emerging Markets):

- Securities issued by and the obligations of or guaranteed by the United States of America or U.S. government sponsored enterprises or by the Dominion of Canada or any province thereof, financial futures and options;
- Bonds issued by the State of Iowa or its political subdivisions;
- Common stock, American depository receipts, corporate bonds or other evidences of indebtedness issued under the laws of the Dominion of Canada or any province thereof;
- Common stock, bonds or other evidences of indebtedness issued under the laws of selected foreign countries or their political subdivisions;
- Debt instruments issued by multinational organizations, on behalf of selected nations or groups of nations, such as Brady bonds, whether in U.S. dollars or foreign currencies;

- Mutual funds, commingled funds, or private equity which are comprised of stocks, equity, and/or debt instruments, including those which hold positions in emerging markets, whether in U.S. dollars or foreign currencies;
- Derivative instruments, such as futures and options, can be utilized as an alternative to a stock or bond position, as specified.

Other Asset Classes

MFPRSI's currency positions include the currency of a group of selected nations, which have well established and stable economic and political structures. Currency positions are only taken in countries or in multinational currencies (for example, euros) in which MFPRSI has determined to invest its assets. MFPRSI's currency assets are represented within the individual portfolios of the investment managers, which have mandates, and may include international bonds or stocks. The benchmark against which these managers compare their portfolios includes a zero percent hedged position to the U.S. dollar for the international portions of the mandate.

Derivative Instruments

Derivative instruments, such as futures and options, may be utilized in selected portfolios for the following purposes:

1) As an alternative to maintaining a selected asset position,
2) To maintain the duration of securities in a portfolio,
3) To gain exposure in a time of dollar strength to a foreign bond market with minimal exposure to the currency of the country,
4) To hedge or otherwise protect existing or anticipated portfolio positions,
5) To establish and maintain the currency positions for the currency overlay portfolio and for the individual currency activities of the individual portfolios, and
6) Not to leverage (i.e., "gear-up") the portfolio.

Derivative instruments are generally defined as contracts whose value depends on ("derives" from) the value of an underlying asset, reference rate, or index. Derivative instruments include both of the following:

1) "Over the counter" (OTC) derivatives: privately negotiated contracts provided directly by dealers to end-users. This includes swaps, futures and options based upon interest rates, currencies, equities, and commodities; and,
2) Standardized contracts sold on exchanges: futures and options.

Real Estate

The real estate positions of the retirement system may include domestic or international real estate investments in individual properties or groups of properties, through one or more of the following: direct purchase or mortgage of individual properties, participation in a commingled fund (open-ended or closed-ended) or in a trust or a partnership, which has positions in one or more properties.

MFPRSI's real estate positions may include investment in securitized real estate via publicly-traded or privately-held real estate investment trusts (REITs).

Fund of Funds Commingled Investments

As of June 30, 2024 and 2023, MFPRSI was invested in fund of funds commingled investments, which can be broken down into the following asset classes:

	2024	2023
INVESTMENTS - At fair value:		
U.S. equity securities	$280,578,139	$252,982,124
Foreign equity securities	217,842,563	179,391,918
Fixed income	175,988,688	233,048,010
Alternative investments	19,180,778	17,183,755
Short-term investments and currency positions	6,039,471	(5,609,700)
Total fund of funds commingled investments	$699,629,639	$676,996,107

Investment Risk Disclosure: Credit Risk

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations as of June 30, 2024 and 2023 are as follows:

2024

Quality Rating	Fair Value	Percentage of Portfolio
AAA	$600,549	0.22 %
AA	164,980,490	61.17 %
A	6,833,274	2.53 %
BBB	71,286,366	26.43 %
BB	22,501,236	8.34 %
B	1,278,584	0.47 %
NR	2,249,678	0.84 %
Total fixed income securities	$269,730,177	100.00%

2023

	Fair Value	Percentage of Portfolio
AA	$130,058,126	50.28%
A	21,351,501	8.25%
BBB	72,719,330	28.11%
BB	25,905,296	10.01%
B	7,025,454	2.72%
NR	1,633,189	0.63%
Total fixed income securities	$258,692,896	100.00%

MFPRSI does not have a formal policy that limits the quality grade in which it may invest.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MFPRSI will not be able to recover the value or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the retirement system, and are held by either the counterparty or the counterparty's trust department or agent but not in MFPRSI's name.

Iowa Code 411.7 establishes the secretary of the Board as the custodian of the fund and provides for MFPRSI to select master custodian banks to provide custody of its assets. MFPRSI has arranged for Principal Bank to act as the master custodian bank. The master custodian bank may hold MFPRSI's property in the name of its nominee, bearer form, or in book entry form so long as the custodian's records clearly indicate that such property is held as part of the retirement system's account.

Concentration of Credit Risk

MFPRSI is guided by statute and policy in the selection of security investments. No investments in any one organization represent five percent or more of plan assets.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The following table discloses the fair value and average duration of fixed income investments as of June 30, 2024 and 2023.

2024

	Fair Value	Duration
Investment Type:		
Short-term	$10,087,360	0.1035
Fixed Income	230,554,605	5.4380
Commingled	39,175,572	8.2841
Total fair value	$279,817,537	
Portfolio Modified Duration		5.6441

2023

	Fair Value	Duration
Investment Type:		
Short-term	$5,578,549	0.0377
Fixed Income	217,589,522	5.3752
Commingled	41,103,374	5.5511
Total fair value	$264,271,445	
Portfolio Modified Duration		5.2899

Duration is a measure of interest rate risk. The greater the duration of a bond, or portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration is the measure of a bond price's sensitivity to a 100-basis point (or, one percent) change in interest rates. A duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move up/down by 8 %.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The System had exposure to foreign currency fluctuations as follows as of June 30, 2024 and 2023:

2024

	Fair Value	Percentage of Holdings
Currency:		
Japanese Yen	$686,107	(722.44)%
Euro Currency Unit	(37,128)	39.09%
British Pound Sterling	(743,950)	783.35%
Total foreign currency holdings	$(94,971)	100.00%

2023

	Fair Value	Percentage of Holdings
Currency:		
Japanese Yen	$324,088	262.66%
Euro Currency Unit	47,905	38.82%
British Pound Sterling	(248,606)	(201.48)%
Total foreign currency holdings	$123,387	100.00%

Commitments

MFPRSI is committed, as of June 30, 2024 and 2023 to invest approximately $496,000,000 and $461,000,000, respectively, in certain private equity, private credit, real estate partnerships, real estate commingled funds, and infrastructure funds.

Fair Value Measurements

MFPRSI 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

Investments Measured at Fair Value on a Recurring Basis

Investments by fair value level:	Balance at June 30, 2024	**2024 Fair Value Measurement Using^** Level 1^	Level 2^	Level 3^
Debt Securities				
U.S. Treasury securities	$24,558,846	$24,558,846	$-	$-
Mortgage-Related securities	103,717,438	-	103,717,438	-
Government-Related securities	3,003,040	-	3,003,040	-
Corporate securities	99,275,281	-	99,275,281	-
Total debt securities	230,554,605	24,558,846	205,995,759	-
Equity securities				
Preferred Stock	2,550,734	2,550,734	-	-
Total equity securities	2,550,734	2,550,734	-	-
Total investments by fair value level	233,105,339	$27,109,580	$205,995,759	$-
Investments measured at the NAV:				
Domestic equity funds	484,834,739			
International equity funds	399,154,147			
Global equity funds	19,015,594			
Global bond funds	39,175,572			
Private credit funds	60,103,412			
Infrastructure funds	103,851,798			
Real estate funds	252,830,776			
Private equity funds	859,889,713			
Multi-strategy commingled investments	58,680,159			
Absolute return	73,119,344			
Fund of funds commingled investments	699,629,639			
Real estate held as investment	5,377,892			
Total investments measured at the NAV	3,055,662,785			
Total investments measured at fair value*	$3,288,768,124			

^Key:

Level 1 - Quoted Prices in Active Markets for Identical Assets

Level 2 - Significant Other Observable Inputs

Level 3 - Significant Unobservable Inputs

*Short-term investments and currency positions are recorded at cost and are therefore excluded from this table.

Investments Measured at Fair Value on a Recurring Basis

Investments by fair value level:	Balance at June 30, 2023	2023 Fair Value Measurement Using^ Level 1^	Level 2^	Level 3^
Debt Securities				
U.S. Treasury securities	$9,924,752	$9,924,752	$-	$-
Mortgage-Related securities	91,762,920	-	91,762,920	-
Government-Related securities	4,418,695	-	4,418,695	-
Corporate securities	111,483,155	-	111,483,155	-
Total debt securities	217,589,522	9,924,752	207,664,770	-
Equity securities				
Preferred Stock	2,480,147	2,480,147	-	-
Total equity securities	2,480,147	2,480,147	-	-
Total investments by fair value level	220,069,669	$12,404,899	$207,664,770	$-
Investments measured at the NAV:				
Domestic equity funds	386,601,631			
International equity funds	380,080,899			
Global equity funds	29,244,135			
Global bond funds	41,103,374			
Private credit funds	60,021,378			
Infrastructure funds	115,125,818			
Real estate funds	303,769,860			
Private equity funds	806,170,667			
Multi-strategy commingled investments	56,372,519			
Absolute return	73,849,851			
Fund of funds commingled investments	676,996,107			
Real estate held as investment	5,368,017			
Total investments measured at the NAV	2,934,704,256			
Total investments measured at fair value*	$3,154,773,925			

^Key:

Level 1 - Quoted Prices in Active Markets for Identical Assets

Level 2 - Significant Other Observable Inputs

Level 3 - Significant Unobservable Inputs

*Short-term investments and currency positions are recorded at cost and are therefore excluded from this table.

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities.

The fair value of mortgage-related securities, corporate securities and government-related securities at June 30, 2024 and 2023, was determined primarily based on level 2 inputs. Principal Bank estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Investments in Entities that Calculate Net Asset Value per Share

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

At year end, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

Investments Measured at the NAV
($ in millions)

	2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity funds	$485	$-	Daily	1-5 days
International equity funds	399	-	Daily,Monthly	1 week/15th
Global equity funds	19	-	Daily	2 days
Global bond funds	39	-	Daily	1 day
Private credit funds	60	5	Monthly	3 days
Infrastructure funds	104	-	Quarterly	90 days
Real estate funds	253	16	N/A	N/A
Private equity funds	860	475	N/A	N/A
Multi-strategy hedge funds	59	-	Monthly	2 weeks
Absolute Return	73	-	Daily	1 day
Fund of funds commingled investments	700	-	Daily	1 day
Real estate held as investment	5	-	N/A	N/A
Total investments measured at the NAV	$3,056			

Investments Measured at the NAV
($ in millions)

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity funds	$387	$-	Daily	1-5 days
International equity funds	380	-	Daily,Monthly	1 week/15th
Global equity funds	29	-	Daily	2 days
Global bond funds	41	-	Daily	1 day
Private credit funds	60	5	Monthly	3 days
Infrastructure funds	115	-	Quarterly	90 days
Real estate funds	304	19	N/A	N/A
Private equity funds	807	437	N/A	N/A
Multi-strategy hedge funds	56	-	Monthly	2 weeks
Absolute Return	74	-	Daily	1 day
Fund of funds commingled investments	677	-	Daily	1 day
Real estate held as investment	5	-	N/A	N/A
Total investments measured at the NAV	$2,935			

MFPRSI does not anticipate restrictions, other than those outlined in the table, on the ability to sell individual investments at the measurement date. Additionally, MFPRSI does not anticipate that NAV driven investments will become redeemable at valuations materially different from the corresponding NAV listed above. On average, distributions received through the liquidation of underlying investments/ assets can occur over the span of 8-15 years. MFPRSI has no prescribed time frame to liquidate the investments.

The multi-strategy hedge funds class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The underlying portfolios hold both long and short positions in various asset classes and may also employ leverage. The investments of the underlying portfolios will likely include, but will not be limited to, common stocks, depository receipts, bank loans, bonds (including sovereign debt of emerging market countries), notes, commodities, currencies, forwards, futures, options and swap agreements.

5. DERIVATIVES

MFPRSI's investment managers may invest in derivative securities as permitted by their contracts. Derivatives are generally defined as contracts whose values depend on, or derive from, the value of an underlying asset, reference rate, or index. MFPRSI is exposed to various derivative products through the investment management of the MFPRSI and its external managers. All of MFPRSI's derivatives are classified as investment derivatives. The fair values of all derivative financial instruments are reported in the Statement of Fiduciary Net Position as 'Absolute Return.' Changes in the values of derivative financial instruments are reported in the Statement of Changes in Fiduciary Net Position as 'Net appreciation in fair value of investments.' Derivative financial instruments involve, to varying degrees, credit risk and market risk.

Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. To limit credit risk, each investment manager screens potential counter-parties and establishes and maintains an approved list of acceptable firms which meet a high level of credit-worthiness.

Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is managed by imposing contractual requirements on the investment managers as to the types, amounts and degree of risk they may undertake. Investment managers' derivative activities are reviewed on a periodic basis by MFPRSI as well as the Board to monitor compliance with the contracts. The retirement system does not purchase derivatives with borrowed funds and does not allow the leveraging of the portfolios.

MFPRSI's derivative investments may include foreign currency forward contracts, options, futures, and collateralized mortgage obligations. Derivative securities may also be used to improve yield, adjust the duration of the fixed income portfolio, or to hedge changes in interest rates.

Futures Contracts

A futures contract is a contract to buy or sell units of an index or financial instrument at a specified future date at a price agreed upon when the contract is originated. MFPRSI enters into these certain derivative instruments as investments primarily to enhance the performance and reduce the volatility of its portfolio. Upon entering into such a contract, MFPRSI pledges to the broker cash or U.S. government securities equal to the minimum initial margin requirement of the futures exchange. Additionally, MFPRSI receives or pays a daily variation margin, which is an amount of cash equal to the daily fluctuation in value of the contract. The change in fair value of the futures contracts is presented in the statement of changes in fiduciary net position as "Net appreciation in fair value of investments." The net change in fair value from futures contracts for fiscal year ended June 30, 2024 was ($730,507) and for fiscal year ended June 30, 2023 was ($1,150,149).

Futures contract positions at June 30, 2024 were as follows:

DESCRIPTION	EXPIRATION DATE	OPEN POSITION	NUMBER OF CONTRACTS	NOTIONAL CONTRACT SIZE	FAIR VALUE
DAX Index	Sep-24	Short	4	EUR 25 X Index	$(1,971,697)
Euro Bund	Sep-24	Short	2	EUR 100,000	(282,035)
10-Year Long Gilt	Sep-24	Long	32	GBP 100,000, 4% coupon	3,948,072
FTSE 100 Index	Sep-24	Short	11	GBP 10 X Index	(1,142,248)
Nikkei Index	Sep-24	Short	3	JPY 500 X Index	(370,990)
Australian Dollar	Sep-24	Long	17	AUD 100,000	1,136,110
British Pound	Sep-24	Long	44	GBP 62,500	3,478,475
Canadian Dollar	Sep-24	Short	38	CAD 100,000	(2,781,600)
Euro Currency unit	Sep-24	Short	31	EUR 125,000	(4,166,400)
Japanese Yen	Sep-24	Short	97	JPY 12,500,000	(7,629,656)
Crude Oil WTI	Sep-24	Long	1	1,000 U.S. Barrels	80,640
Cotton #2	Dec-24	Short	31	50,000 pounds (100 bales)	(1,126,695)
U.S. Dollar Index	Sep-24	Long	41	$1,000 X Index	4,327,345
S&P 500 E-Mini	Sep-24	Short	14	$50 X Index	(3,865,050)
Gold	Oct-24	Long	2	100 fine troy ounces	472,500
Lean Hogs	Oct-24	Short	26	40,000 pounds	(787,540)
High Grade Copper	Sep-24	Long	9	25,000 pounds	988,088
Heating Oil	Sep-24	Short	3	42,000 gallons	(321,161)
Live Cattle	Aug-24	Long	3	40,000 pounds	222,510
Natural Gas	Sep-24	Long	21	10,000 MMBtu	545,580
Platinum	Oct-24	Long	14	50 troy ounces	709,870
Gasoline RBOB	Sep-24	Long	3	42,000 gallons	311,346
Russell 2000 E-mini	Sep-24	Short	12	$50 X Index	(1,239,000)
Sugar #11	Oct-24	Short	16	112,000 pounds	(363,776)
Silver	Sep-24	Long	5	5,000 troy ounces	739,000
VIX Volatility Index	Aug-24	Long	55	$1,000 X Index	821,711
30 Year T-Bond	Sep-24	Long	25	$100,000	2,957,813
Corn	Dec-24	Short	64	5,000 bushels	(1,346,400)
Soybean Oil	Dec-24	Short	54	60,000 pounds	(1,418,796)
Soybean Meal	Dec-24	Short	24	100 tons	(805,200)
10 Year T-Note	Sep-24	Long	23	$100,000	2,529,641
Soybeans	Nov-24	Short	27	5,000 bushels	(1,490,400)
Wheat	Dec-24	Long	1	5,000 bushels	29,850

Futures contract positions at June 30, 2023 were as follows:

DESCRIPTION	EXPIRATION DATE	OPEN POSITION	NUMBER OF CONTRACTS	NOTIONAL CONTRACT SIZE	FAIR VALUE
DAX Index	Sep-23	Long	5	EUR 25 X Index	$2,219,501
Euro Bund	Sep-23	Short	9	EUR 100,000	(1,313,434)
10-Year Long Gilt	Sep-23	Short	14	GBP 100,000, 4% coupon	(1,694,167)
FTSE 100 Index	Sep-23	Long	22	GBP 10 X Index	2,106,763
Nikkei Index	Sep-23	Long	15	JPY 500 X Index	1,737,734
Australian Dollar	Sep-23	Short	21	AUD 100,000	(1,402,380)
British Pound	Sep-23	Long	74	GBP 62,500	5,873,288
Canadian Dollar	Sep-23	Long	43	CAD 100,000	3,252,090
Euro Currency unit	Sep-23	Long	6	EUR 125,000	821,475
Japanese Yen	Sep-23	Short	86	JPY 12,500,000	(7,538,438)
Crude Oil WTI	Oct-23	Short	2	1,000 U.S. Barrels	(141,440)
Cotton #2	Dec-23	Short	23	50,000 pounds (100 bales)	(924,255)
U.S. Dollar Index	Sep-23	Long	6	$1,000 X Index	615,522
S&P 500 E-Mini	Sep-23	Long	5	$50 X Index	1,122,063
Gold	Oct-23	Long	10	100 fine troy ounces	1,948,500
Lean Hogs	Oct-23	Short	12	40,000 pounds	(376,200)
High Grade Copper	Sep-23	Short	5	25,000 pounds	(469,938)
Heating Oil	Sep-23	Short	11	42,000 gallons	(1,128,204)
Live Cattle	Oct-23	Long	21	40,000 pounds	1,508,220
Natural Gas	Sep-23	Short	10	10,000 MMBtu	(277,400)
Platinum	Oct-23	Short	31	50 troy ounces	(1,415,460)
Gasoline RBOB	Oct-23	Long	2	42,000 gallons	186,312
Russell 2000 E-mini	Sep-23	Short	17	$50 X Index	(1,618,145)
Sugar #11	Oct-23	Long	31	112,000 pounds	791,269
Silver	Sep-23	Long	7	5,000 troy ounces	805,700
VIX Volatility Index	Aug-23	Long	51	$1,000 X Index	836,415
VIX Volatility Index	Oct-23	Long	10	$1,000 X Index	183,489
30 Year T-Bond	Sep-23	Short	9	$100,000	(1,142,156)
Corn	Dec-23	Long	19	5,000 bushels	470,013
Soybean Oil	Dec-23	Long	4	60,000 pounds	141,528
Soybean Meal	Dec-23	Short	6	100 tons	(238,380)
10 Year T-Note	Sep-23	Short	14	$100,000	(1,571,719)
Soybeans	Nov-23	Long	9	5,000 bushels	604,463
Wheat	Dec-23	Short	6	5,000 bushels	(200,775)

6. IOWA PUBLIC EMPLOYEES PENSION SYSTEM (IPERS)

IPERS Plan Description

IPERS membership is mandatory for employees of MFPRSI. Pensions are provided to employees of MFPRSI through a cost-sharing, multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 and at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. The plan documents contain more information.

IPERS Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first (these qualifications must be met on the member's first month of entitlement to benefits). Members cannot begin receiving retirement benefits before age 55.

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

IPERS Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

IPERS Contributions

As a result of a 2010 law change effective July 1, 2012, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to one percentage point.

IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by IPERS' Investment Board.

In fiscal years 2024 and 2023, pursuant to the required rate, Regular members contributed 6.29 percent of pay and MFPRSI contributed 9.44 percent for a total rate of 15.73 percent.

MFPRSI's total contributions to IPERS for the years ended June 30, 2024 and 2023, were $100,401 and $99,255, respectively.

IPERS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, MFPRSI reported a liability of $540,401 for its proportionate share of the IPERS net pension liability. The IPERS net pension liability was measured as of June 30, 2023, and the IPERS total pension liability used to calculate the IPERS net pension liability was determined by an actuarial valuation as of that date. At June 30, 2023, MFPRSI reported a liability of $478,702 for its proportionate share of the IPERS net pension liability. The IPERS net pension liability was measured as of June 30, 2022, and the IPERS total pension liability used to calculate the IPERS net pension liability was determined by an actuarial valuation as of that date. The MFPRSI's proportion of the IPERS net pension liability was based on the MFPRSI's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2023, the MFPRSI's proportion was 0.011712 percent, which was a decrease from 0.012061, its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, MFPRSI recognized pension expense of $40,643. At June 30, 2024, MFPRSI reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$45,719	$2,221
Changes of Assumptions	-	9
Net difference between projected and actual earnings on pension plan investments	50,047	-
Changes in proportion and differences between MFPRSI contributions and proportionate share of contributions	6,328	17,170
MFPRSI contributions subsequent to the measurement date of June 30, 2023	100,401	-
Total	$202,495	$19,400

Deferred outflows of resources related to pensions resulting from MFPRSI contributions of $100,401 reported subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	$(14,247)
2026	(41,723)
2027	118,908
2028	18,077
2029	1,679
Thereafter	-

For the year ended June 30, 2023, MFPRSI recognized pension expense of ($12,267). At June 30, 2023, MFPRSI reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$21,221	$6,557
Changes of Assumptions	406	11
Net difference between projected and actual earnings on pension plan investments	-	51,244
Changes in proportion and differences between MFPRSI contributions and proportionate share of contributions	10,157	8,325
MFPRSI contributions subsequent to the measurement date of June 30, 2022	99,255	-
Total	$131,039	$66,137

Deferred outflows of resources related to pensions resulting from MFPRSI contributions of $99,255 reported subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	$(44,932)
2025	(32,926)
2026	(61,194)
2027	104,269
2028	430
Thereafter	-

There were no non-employer contributing entities at IPERS.

IPERS Actuarial assumptions – The total pension liability in the June 30, 2023 and 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Rate of inflation (effective June 30, 2017)	2.60 percent annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00 percent, compounded annually, net of investment expense, including inflation.

The IPERS actuarial assumptions used in the June 30, 2023 and 2022 valuations were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the PubG-2010 Employee and Healthy Annuitant Tables, using MP-2021 generational adjustments.

The actuarial assumptions used in the June 30, 2023 and 2022 valuations are based on the results of the most recent actuarial experience studies. An experience study of IPERS's demographic assumptions was presented to the Investment Board in June 2022. This study included information on mortality, retirement, disability and termination rates, as well as salary trends, for the period of July 1, 2017 – June 30, 2021. The findings of the experience study, along with the resulting recommendations, are included in the report dated June 16, 2022.

Several factors are considered in evaluating the actuarial assumed investment return including long-term historical data, estimates inherent in current market data, along with estimates of variability and correlations for each asset class, and in analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed by IPERS's investment consultant. These ranges were combined to develop the actuarial assumed investment return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The actuarial assumed investment return reflects the anticipated returns on current and future plan assets and provides a discount rate to determine the present value of future benefit payments.

Best estimates of geometric real rates of return for each major asset class included in IPERS' target asset allocation as of June 30, 2023, are shown in the following table.

Asset Class	IPERS Target Allocation	IPERS Long-Term Expected Real Rate of Return
Domestic equity	21%	4.56%
International equity	16.5	6.22
Global smart beta equity	5	5.22
Core-plus fixed income	23	2.69
Public credit	3	4.38
Cash	1	1.59
Private equity	17	10.44
Private real assets	9	3.88
Private credit	4.5	4.60
Total	100%	

IPERS - Discount Rate. The discount rate used to measure the Total Pension Liability (TPL) is 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employees and employers will be made at contractually required rates, which are set by the Contribution Rate Funding Policy and derived from the actuarial valuation. Based on those assumptions, IPERS' fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the actuarial assumed investment return was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity of MFPRSI's proportionate share of the IPERS net pension liability to changes in the discount rate. The following presents MFPRSI's proportionate share of the IPERS net pension liability calculated using the discount rate of 7.0 percent, as well as what MFPRSI's proportionate share of the IPERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

2024	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
MFPRSI's proportionate share of the IPERS net pension liability	$1,149,014	$540,401	$30,374

2023	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
MFPRSI's proportionate share of the IPERS net pension liability	$891,879	$478,702	$114,579

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS

At June 30, 2024, MFPRSI reported payables to the defined benefit pension plan of $11,309 for legally required employer contributions and $7,535 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

At June 30, 2023, MFPRSI reported payables to the defined benefit pension plan of $11,369 for legally required employer contributions and $7,575 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN MFPRSI'S NET PENSION LIABILITY
Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	$65,495,151	$61,347,565	$58,814,108	$56,807,678	$55,133,707
Interest	281,715,121	270,511,939	260,633,217	251,348,980	242,467,141
Changes of Benefit Terms	3,211,535	-	-	-	-
Differences between expected and actual experience	46,602,311	30,734,937	21,515,283	14,881,260	9,638,175
Changes of assumptions	-	3,924,038	-	-	-
Benefit payments, including refunds	(226,582,199)	(216,186,354)	(207,529,673)	(195,202,243)	(185,942,113)
Net change in total pension liability	170,441,919	150,332,125	133,432,935	127,835,675	121,296,910
Total pension liability - beginning	3,801,949,463	3,651,617,338	3,518,184,403	3,390,348,728	3,269,051,818
Total pension liability - ending	3,972,391,382	3,801,949,463	3,651,617,338	3,518,184,403	3,390,348,728
Plan fiduciary net position					
Contributions - employer	86,264,868	86,664,231	88,421,910	82,245,851	77,551,461
Contributions - member	35,174,126	34,165,042	31,631,033	30,587,481	29,808,835
Net investment income	243,299,879	182,866,808	(113,965,317)	785,156,295	60,250,246
Benefit payments, including refunds	(226,582,199)	(216,186,354)	(207,529,673)	(195,202,243)	(185,942,113)
Administrative expense	(2,032,561)	(1,969,805)	(1,902,581)	(1,894,969)	(1,887,579)
Other	(265,597)	163,629	(218,778)	(30,576)	(157,670)
Net change in plan fiduciary net position	135,858,516	85,703,551	(203,563,406)	700,861,839	(20,376,820)
Plan fiduciary net position - beginning	3,175,750,413	3,090,046,862	3,293,610,268	2,592,748,429	2,613,125,249
Plan fiduciary net position - ending	$3,311,608,929	$3,175,750,413	$3,090,046,862	$3,293,610,268	$2,592,748,429
MFPRSI net pension liability - ending	$660,782,453	$626,199,050	$561,570,476	$224,574,135	$797,600,299

*See Notes to Required Supplementary Information

SCHEDULE OF CHANGES IN MFPRSI'S NET PENSION LIABILITY
Last 10 Fiscal Years

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$53,017,674	$56,128,110	$53,423,772	$51,366,130	$49,893,939
Interest	233,282,508	224,678,250	213,069,288	205,836,959	196,289,405
Difference between expected and actual experience	16,177,781	(9,748,387)	12,891,275	7,643,609	15,374,059
Changes of assumptions	-	21,266,192	39,751,096	(10,467,574)	17,508,411
Benefit payments, including refunds	(178,457,619)	(170,663,862)	(163,571,586)	(156,566,482)	(150,026,306)
Net change in total pension liability	124,020,344	121,660,303	155,563,845	97,812,642	129,039,508
Total pension liability - beginning	3,145,031,474	3,023,371,171	2,867,807,326	2,769,994,684	2,640,955,176
Total pension liability - ending	3,269,051,818	3,145,031,474	3,023,371,171	2,867,807,326	2,769,994,684
Plan fiduciary net position					
Contributions - employer	78,766,019	74,641,639	73,411,163	75,254,727	79,748,943
Contributions - member	28,472,627	27,493,680	26,625,022	25,455,597	24,622,310
Net investment income	136,635,233	183,182,098	259,812,040	164,100	69,833,569
Benefit payments, including refunds	(178,457,619)	(170,663,862)	(163,571,586)	(156,566,482)	(150,026,306)
Administrative expense	(1,797,284)	(1,781,886)	(1,767,657)	(1,728,951)	(1,680,944)
Other	(121,714)	(139,793)	(159,263)	(212,954)	(774,140)
Net change in plan fiduciary net position	63,497,262	112,731,876	194,349,719	(57,633,963)	21,723,432
Plan fiduciary net position - beginning	2,549,627,987	2,436,896,111	2,242,546,392	2,300,180,355	2,278,456,923
Plan fiduciary net position - ending	$2,613,125,249	$2,549,627,987	$2,436,896,111	$2,242,546,392	$2,300,180,355
MFPRSI net pension liability - ending	$655,926,569	$595,403,487	$586,475,060	$625,260,934	$469,814,329

*See Notes to Required Supplementary Information

SCHEDULE OF MFPRSI'S NET PENSION LIABILITY
Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Total pension liability	$3,972,391,382	$3,801,949,463	$3,651,617,338	$3,518,184,403	$3,390,348,728
Plan fiduciary net position	3,311,608,929	3,175,750,413	3,090,046,862	3,293,610,268	2,592,748,429
MFPRSI's net pension liability	$660,782,453	$626,199,050	$561,570,476	$224,574,135	$797,600,299
Plan fiduciary net position as a percentage of the total pension liability	83.37%	83.53%	84.62%	93.62%	76.47%
Actuarial projected covered payroll	$375,391,071	$362,613,585	$337,741,039	$324,953,814	$317,709,825
MFPRSI's net pension liability as a percentage of covered payroll	176.03%	172.69%	166.27%	69.11%	251.05%

*See Notes to Required Supplementary Information

SCHEDULE OF MFPRSI'S NET PENSION LIABILITY
Last 10 Fiscal Years

	2019	2018	2017	2016	2015
Total pension liability	$3,269,051,818	$3,145,031,474	$3,023,371,171	$2,867,807,326	$2,769,994,684
Plan fiduciary net position	2,613,125,249	2,549,627,987	2,436,896,111	2,242,546,392	2,300,180,355
MFPRSI's net pension liability	$655,926,569	$595,403,487	$586,475,060	$625,260,934	$469,814,329
Plan fiduciary net position as a percentage of the total pension liability	79.94%	81.07%	80.60%	78.20%	83.04%
Actuarial projected covered payroll	$302,713,506	$290,660,576	$283,222,057	$270,986,891	$262,260,060
MFPRSI's net pension liability as a percentage of covered payroll	216.68%	204.84%	207.07%	230.73%	179.14%

*See Notes to Required Supplementary Information

SCHEDULE OF MFPRSI'S CONTRIBUTIONS
Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Actuarially determined contribution	$86,264,868	$86,664,231	$88,421,910	$82,245,851	$77,551,461
Contributions in relation to the actuarially determined contribution	86,264,868	86,664,231	88,421,910	82,245,851	77,551,461
Contribution deficiency (excess)	$-	$-	$-	$-	$-
Reported covered payroll	$375,391,071	$362,613,585	$337,741,039	$324,953,814	$317,709,825
Contributions as a percentage of covered payroll	22.98%	23.90%	26.18%	25.31%	24.41%

*See Notes to Required Supplementary Information

SCHEDULE OF MFPRSI'S CONTRIBUTIONS
Last 10 Fiscal Years

	2019	2018	2017	2016	2015
Actuarially determined contribution	$78,766,019	$74,641,639	$73,411,163	$75,254,727	$79,748,943
Contributions in relation to the actuarially determined contribution	78,766,019	74,641,639	73,411,163	75,254,727	79,748,943
Contribution deficiency (excess)	$-	$-	$-	$-	$-
Reported covered payroll	$302,713,506	$290,660,576	$283,222,057	$270,986,891	$262,260,060
Contributions as a percentage of covered payroll	26.02%	25.68%	25.92%	27.77%	30.41%

*See Notes to Required Supplementary Information

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2024	7.93%
2023	5.92%
2022	-3.80%
2021	29.90%
2020	2.35%
2019	5.32%
2018	7.59%
2017	11.72%
2016	0.02%
2015	3.02%

SCHEDULE OF MFPRSI'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

	2023	2022	2021	2020	2019
MFPRSI's proportion of the net pension liability (asset)	0.011712%	0.012061%	0.012214%	0.012038%	0.011991%
MFPRSI's proportionate share of the net pension liability (asset)	$540,401	$478,702	$17,123	$839,724	$699,044
MFPRSI's covered payroll	$1,063,570	$1,051,430	$1,020,466	$991,326	$948,686
MFPRSI's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	50.81%	45.53%	1.68%	84.71%	73.69%
Plan fiduciary net position as a percentage of the total net pension liability	89.18%	90.34%	99.60%	82.90%	85.45%

*The amounts presented for each fiscal year were determined as of June 30.

*See Notes to Required Supplementary Information

SCHEDULE OF MFPRSI'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

	2018	2017	2016	2015	2014
MFPRSI's proportion of the net pension liability (asset)	0.011874%	0.012415%	0.012738%	0.012726%	0.012759%
MFPRSI's proportionate share of the net pension liability (asset)	$751,182	$819,626	$794,389	$632,688	$516,371
MFPRSI's covered payroll	$892,161	$988,443	$902,363	$877,346	$851,989
MFPRSI's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	84.20%	82.92%	88.03%	72.11%	60.61%
Plan fiduciary net position as a percentage of the total net pension liability	83.62%	82.21%	81.82%	84.19%	56.84%

*The amounts presented for each fiscal year were determined as of June 30.

*See Notes to Required Supplementary Information

SCHEDULE OF MFPRSI'S CONTRIBUTIONS

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Actuarially determined contribution	$100,401	$99,255	$96,332	$93,581	$89,556
Contributions in relation to the actuarially determined contribution	(100,401)	(99,255)	(96,332)	(93,581)	(89,556)
Contribution deficiency (excess)	$-	$-	$-	$-	$-
Reported covered payroll	$1,063,570	$1,051,430	$1,020,466	$991,326	$948,686
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%

*See Notes to Required Supplementary Information

SCHEDULE OF MFPRSI'S CONTRIBUTIONS

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

	2019	2018	2017	2016	2015
Actuarially determined contribution	$86,727	$79,670	$88,268	$80,581	$78,347
Contributions in relation to the actuarially determined contribution	(86,727)	(79,670)	(88,268)	(80,581)	(78,347)
Contribution deficiency (excess)	$-	$-	$-	$-	$-
Reported covered payroll	$918,718	$892,161	$988,443	$902,363	$877,346
Contributions as a percentage of covered payroll	9.44%	8.93%	8.93%	8.93%	8.93%

*See Notes to Required Supplementary Information

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Methods and Assumptions used in Calculations of Actuarially Determined Contributions. The actuarially determined contribution rates in the schedule of MFPRSI's contributions are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Valuation date	July 1, 2024
Actuarial cost method	Entry age normal
Amortization method	Level Dollar, Closed, Layered
Remaining amortization period	25 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50 percent
Projected salary increases	3.75 to 15.11 percent
Post-retirement mortality table:	
Ordinary	RP 2014 Blue Collar Healthy Annuitant table with males set-forward zero years, females set-forward two years, with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.
Disabled	RP 2014 Blue Collar Healthy Annuitant Mortality Table – Male, set-forward three years, with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

Actuary

Actuarial Valuation's Purpose

Cities' Recommended Contribution Rate

Actuarial Report Highlights

Actuarial Valuation's Purpose

Provided by HUB International

The actuarial data in this section was determined by MFPRSI's actuarial services provider, HUB International ("HUB"). The information in this section presents a portion of the annual actuarial valuation, which was determined in accordance with Iowa Code Chapter 411. The complete actuarial valuation report as of July 1, 2024, can be accessed on the retirement system's website, www.mfprsi.org.

The costs developed and presented in this section are based on asset values as of June 30, 2024, member census data as of July 1, 2024, and current retirement system provisions, all of which were supplied by MFPRSI.

The purposes of the actuarial valuation are:

1. To determine the normal contribution rate that is payable by the cities under Chapter 411 of the Code of Iowa;

2. To determine the funded status of the retirement system; and

3. To provide information relating to the disclosure requirements of the Governmental Accounting Standards Board (GASB) Statement No. 67 – Financial Reporting for Defined Benefit Pension Plans (an amendment of GASB Statement No. 25).

All costs and liabilities were determined in accordance with generally accepted actuarial principles and procedures and are based on the actuarial assumptions and methods prescribed by the Board of Trustees in accordance with Iowa Code Section 411.5.10-11. The information supplied in this section is complete and accurate and the assumptions are reasonably related to the experience of MFPRSI and to reasonable expectations under MFPRSI in the opinion of HUB.

Cities' Recommended Contribution Rate

The cities' contribution rate is established by Iowa Code Chapter 411. The rate specified for employees is set by the statute, currently at 9.40 percent of earnable compensation. This rate will increase to 9.55 percent starting July 1, 2024. The rate for employers is adopted each year by the Board following the completion of the annual actuarial valuation. The required contribution rate as reported by MFPRSI's actuary is developed in the chart below and is effective July 1, 2025.

Annual Contributions and Contribution Rate Formula
Data as of July 1, 2024
Effective July 1, 2025

Preliminary Total Contribution		**2024**
1.	Annual Normal Cost	$68,020,131
2.	Estimated Member Contributions	37,312,211
3.	Unfunded Actuarial Accrued Liability Amortization Payment	57,908,658
4.	Total (Cities plus State) Contribution = (1) - (2) + (3)	88,616,578
Cities' Contribution		
5.	Preliminary Total Contribution = (4)	88,616,578
6.	Estimated State Contribution	0
7.	Preliminary Cities' Contribution = (5) - (6)	88,616,578
8.	Covered Payroll	390,703,785
9.	Cities' Contribution as a percent of payroll = (7) / (8)	22.68%
10.	Minimum required contribution rate for Cities	17.00%
11.	Cities' Contribution = [Greater of (9) or (10)] x (8)	88,611,618

MFPRSI's total contribution rate increased from 22.66% for 2023 to 22.68% for 2024. MFPRSI's contribution rate before any adjustment to the minimum required rate changed as follows:

Year-over-year changes to the participating cities' contribution rate

July 1, 2023 Normal Contribution Rate		22.66%
• Effect of different State contribution		0.00%
• Effect of Cities' contribution different than actuarially determined		(0.02%)
• MFPRSI experience less favorable than assumed		
— Salary increases more than assumed	0.01%	
— Investment experience more favorable than assumed	(0.23%)	
— Effect of new members	(0.70%)	
— Effect of DROP experience	0.04%	
— Other population changes	0.93%	
		0.05%
• Changes in MFPRSI provisions		(0.01%)
• Changes in actuarial assumptions		0.00%
• Changes in actuarial methods		0.00%
Preliminary Normal Contribution Rate		22.68%
• Increase to meet minimum required contribution rate of 17.00%		0.00%
July 1, 2024 Normal Contribution Rate		22.68%

* Before adjustment for minimum contribution rate, if applicable.

Effect of Different State of Iowa Contribution 0.00%

The state's contribution remained unchanged at $0 for 2023 and $0 for 2024.

Effect of Cities' Contribution Different than Actuarially Determined (0.02%)

The Cities' actual contribution rate as a percent of covered payroll was 22.98% for the period ended June 30, 2024. The actuarially determined rate for the same period was 22.66% of covered payroll. This had the effect of producing larger contributions than expected and decreased the Cities' contribution rate by 0.02%.

Salary Increases More than Assumed 0.01%

The actual weighted average salary increase for active members included in the valuation was 5.29% compared to an expected weighted average increase of 5.16%. Actual salaries paid in the prior plan year ended June 30, 2024 were reported for the July 1, 2024 valuation. This had the effect of increasing the Cities' contribution rate by 0.01%.

Investment Experience More Favorable than Assumed (0.23%)

The actuarial value of assets realized a return of 7.84% compared to the assumed investment return of 7.50%. This had the effect of decreasing the Cities' contribution rate by 0.23%.

Effect of New Members (0.70%)

New members are generally younger and lower-paid than the ongoing members. Thus, these new members require a lower contribution rate from the Cities due to the longer period of time over which to fund their benefits. This had the effect of decreasing the Cities' contribution rate by 0.70%.

Effect of DROP Experience 0.04%

The expected number of active members who choose to participate, the age at which the members chose to participate, the duration of the DROP period selected and the number of members who prematurely withdraw from DROP do not exactly match the actual incidences. In addition, the investment earnings on the DROP accounts differ from that assumed. These variances in participation rates, age at participation, duration of participation, premature withdrawals and investment earnings caused a decrease in the Cities' contribution rate.

However, the cumulative effect since inception of the DROP on the Cities' contribution rate reveals an overall decrease in the Cities' contribution rate as follows:

Initial Decrease in Rate at July 1, 2007	(0.53%)
Increase in Rate for 2007	0.04%
Increase in Rate for 2008	0.01%
Increase in Rate for 2009	0.02%
Increase in Rate for 2010	0.03%
Increase in Rate for 2011	0.02%
Increase in Rate for 2012	0.03%
Increase in Rate for 2013	0.01%
Increase in Rate for 2014	0.04%
Increase in Rate for 2015	0.03%
No Change in Rate for 2016	0.00%
Increase in Rate for 2017	0.01%
Increase in Rate for 2018 - Assumption Change	0.20%
No Change in Rate for 2018	0.00%
No Change in Rate for 2019	0.00%
Decrease in Rate for 2020	(0.01%)
Decrease in Rate for 2021	(0.01%)
Decrease in Rate for 2022	(0.01%)
Decrease in Rate for 2022 - Assumption Change	(0.21%)
Increase in Rate for 2023	0.04%
Cumulative Increase/(Decrease) in Rate to July 1, 2024	(0.29%)

Other Population Changes 0.93%

The expected rates of disability, death, retirement and withdrawal do not exactly match the actual incidences. These variances will cause a gain or loss each year. For example, there were fewer active members' deaths (2) than assumed (3) during the period ended June 30, 2024. In addition, there were fewer service retirements (45) than assumed (46) and more withdrawals (149) than assumed (109) during the period ended June 30, 2024. Finally, there were more disability retirements (57) than assumed (38) and fewer inactive member deaths (143) than assumed (156) during the period ended June 30, 2024. These variances in active member deaths, service retirements, disability retirements and inactive member deaths caused an actuarial loss which increased the Cities' contribution rate by 0.93%.

Changes in MFPRSI Provisions (0.01%)

There were no changes in MFPRSI benefit provisions from the prior year valuation except for passed legislation House File 2680 which included:

- While applying for a disability benefit, members will remain in good standing until the member has exhausted all appeals available
- Members retired on ordinary disability will be able to apply for accidental disability up to three years following retirement
- To establish a mental injury is eligible for an accidental disability benefit, the member must be able to trace the injury to a readily identifiable work event
- An increase in the active member contribution rate from 9.40% to 9.55% of earnable compensation to pay for the benefit change

Changes in Actuarial Assumptions 0.00%

In accordance with Iowa State Code Section 411.5.10-11, the Board of Trustees prescribes the actuarial assumptions used in the actuarial valuation. Per the Code Section, the retirement system's actuary conducts a formal investigation, or experience study, of the primary assumptions every five years. The most recent investigation was completed in the spring of 2023 for the 10-year period ending June 30, 2022.

There were no changes in actuarial assumptions from the prior year valuation except to assume future ordinary disabilities will apply for and be approved for accidental disability benefits within three years after retirement resulting from the benefit provisions changes contained in House File 2680.

Changes in Actuarial Methods 0.00%

There were no changes in actuarial methods from the prior year valuation.

Actuarial Report Highlights

	As of July 1,		
	2022	2023	2024
Cities Recommended Contribution	$80,373,115	$84,922,524	$88,611,618
Normal Contribution Rate	22.98%	22.66%	22.68%
Plan Assets			
Market Value	3,090,046,862	3,175,750,413	3,311,608,929
Actuarial Value	3,083,242,438	3,215,148,052	3,355,469,275
Prior Year Investment Return			
Market Value	(3.51%)	6.03%	7.79%
Actuarial Value	8.86%	7.56%	7.84%
Actuarial Accrued Liability	3,651,617,338	3,801,949,463	3,972,391,382
Funded Ratio*	84.43%	84.57%	84.47%
Annual Participating Payroll	349,752,458	374,768,422	390,703,785
Annual Normal Cost	61,347,565	65,495,151	68,020,131
Percent of Payroll	17.54%	17.48%	17.41%
Annual Pension Benefits			
Service Retirement	110,489,748	112,910,652	120,146,832
Disabled Retirement	58,285,284	60,857,436	65,382,768
Vested Retirement	9,865,500	10,623,012	11,864,292
Beneficiaries	23,986,512	25,155,240	26,231,076
Total	202,627,044	209,546,340	223,624,968
Number of Members			
Active	4,155	4,168	4,253
Disabled	1,181	1,206	1,236
Retirees and Beneficiaries	3,172	3,227	3,276
Vested Terminated	453	465	485
Total	8,961	9,066	9,250

*Based on the ratio of the Actuarial Value of Assets to Actuarial Accrued Liability.

Actuarial Value of Assets - Year Ending June 30, 2024

1.	Actuarial Value of Assets at July 1, 2023	$3,215,148,052
2.	Contributions for 2023 Plan Year (Members, Cities, and State)	121,438,994
3.	Benefit distributions and refunds for 2023 plan year	(226,582,199)
4.	Noninvestment Expenses	
	a. Administrative Expenses	(2,032,561)
	b. Disability Expenses	(284,113)
	c. Other Expenses	(19,958)
	d. Total	(2,336,632)
5.	Expected return on Market Value of Assets for year at 7.5%	234,223,651

6. Asset gains/(losses) for prior five plan years

	(i) Asset gain or (loss)	Years Recognized	Years Remaining	(ii) Recognition Percentage	(i) x (ii) Recognized Amount
a. 2023	$9,114,702	1	4	20.000%	1,822,940
b. 2022	(44,808,205)	2	3	20.000	(8,961,641)
c. 2021	(357,676,297)	3	2	20.000	(71,535,259)
d. 2020	594,021,191	4	1	20.000	118,804,238
e. 2019	(132,764,343)	5	0	20.000	(26,552,869)
f. Total					13,577,409

7.	Asset gains/(losses) to be recognized = (6f)	13,577,409
8.	Actuarial Value of Assets at July 1, 2024 = (1) + (2) + (3) + (4d) + (5) + (7)	3,355,469,275
9.	Market Value of Assets at July 1, 2024	3,311,608,929
10.	Ratio of Actuarial Value to Market Value at July 1, 2024 = (8) / (9)	101.32%

Unfunded Actuarial Accrued Liability

The unfunded actuarial accrued liability is the amount the actuarial accrued liability exceeds the actuarial value of plan assets determined as of the actuarial valuation date. The unfunded actuarial accrued liability is reduced during a year when MFPRSI's funding exceeds the annual normal cost and interest accrued on the prior year unfunded accrued liability. The unfunded actuarial accrued liability is also reduced (increased) when the investment return on MFPRSI's assets exceeds (is less than) the assumed investment return. The actuarial accrued liability is increased if there are amendments that revise benefits payable from MFPRSI. The actuarial accrued liability may be increased or decreased as the result of MFPRSI's experience or if there are changes in the actuarial assumptions used to determine annual contributions.

	As of July 1,	
	2023	2024
1. Actuarial Accrued Liability before changes		
a. Active members		
Service retirements/DROP	$1,240,080,367	$1,234,649,798
Ordinary disability	24,655,998	36,699,259
Accidental disability	126,107,048	132,663,338
Ordinary death	3,436,563	3,461,201
Accidental death	6,562,115	6,550,147
Withdrawal	42,273,548	42,771,664
Total Active	1,443,115,639	1,456,795,407
b. Inactive members		
Members receiving benefits	2,287,941,120	2,438,209,389
Deferred vested terminations	66,083,800	73,113,249
Refund of member contributions due	884,866	1,061,802
Total Inactive	2,354,909,786	2,512,384,440
c. Total Actuarial Accrued Liability	3,798,025,425	3,969,179,847
2. Actuarial Value of Plan Assets	3,215,148,052	3,355,469,275
3. Unfunded Actuarial Accrued Liability before changes = [Excess of (1) over (2)]	582,877,373	613,710,572
4. Change in Unfunded Actuarial Accrued Liability		
a. Change in System Provisions	0	3,211,535
b. Change in Actuarial Assumptions	3,924,038	0
5. Unfunded Actuarial Accrued Liability after changes	586,801,411	616,922,107

Unfunded Accrued Liability Payments

One of the components included to determine the recommended contribution is the Unfunded Accrued Liability Payment (UAL). The UAL Payment is an annual amount that will amortize over 25 years on a closed, layered level dollar basis:

- The initial UAL was established as of July 1, 2013.
- An increase in UAL may occur if benefits are improved through amendments.
- An increase or decrease in the UAL is associated with a change in actuarial assumptions.
- An increase or decrease in the UAL resulting from actuarial gains or losses due to experience.

Amortization Base	Date Established	Source of Base
$657,280,700	July 1, 2013	Initial Unfunded
(101,748,328)	July 1, 2014	Actuarial Gain
32,616,664	July 1, 2014	Assumption Change
(64,447,420)	July 1, 2015	Actuarial Gain
17,508,411	July 1, 2015	Assumption Change
21,275,521	July 1, 2016	Actuarial Loss
(10,467,574)	July 1, 2016	Assumption Change
(7,154,241)	July 1, 2017	Actuarial Gain
39,751,096	July 1, 2017	Assumption Change
(15,920,159)	July 1, 2018	Actuarial Gain
21,266,192	July 1, 2018	Assumption Change
63,348,299	July 1, 2019	Actuarial Loss
63,889,229	July 1, 2020	Actuarial Loss
(77,624,458)	July 1, 2021	Actuarial Gain
(17,602,441)	July 1, 2022	Actuarial Gain
28,830,747	July 1, 2023	Actuarial Loss
3,924,038	July 1, 2023	Assumption Change
35,979,725	July 1, 2024	Actuarial Loss
3,211,535	July 1, 2024	Plan Amendment

Initial Charge Amortization Base	Initial Term - Years	Remaining Term on Valuation Date	Amortization Payment
$657,280,700	25	14	$54,851,250
32,616,664	25	15	2,721,919
17,508,411	25	16	1,461,108
21,275,521	25	17	1,775,481
39,751,096	25	18	3,317,300
21,266,192	25	19	1,774,702
63,348,299	25	20	5,286,529
63,889,229	25	21	5,331,670
28,830,747	25	24	2,405,977
3,924,038	25	24	327,468
35,979,725	25	25	3,002,572
3,924,038	25	25	268,008
		Total	82,523,984

Initial Credit Amortization Base	Initial Term - Years	Remaining Term on Valuation Date	Amortization Payment
$101,748,328	25	15	$8,491,080
64,447,420	25	16	5,378,253
10,467,574	25	17	873,538
7,154,241	25	18	597,034
15,920,159	25	19	1,328,566
77,624,458	25	22	6,477,900
17,602,441	25	23	1,468,955
		Total	24,615,326

Net Amortization Payment	$57,908,658

Actuarial Gain / (Loss)

Expected Unfunded Actuarial Accrued Liability

1. Expected Actuarial Accrued Liability	
a. Actuarial Accrued Liability on July 1, 2023	$3,801,949,463
b. Normal Cost	65,495,151
c. Benefit Distributions	(226,582,199)
d. Interest on above at 7.50% to June 30, 2024	281,715,121
e. Total	3,922,577,536
2. Expected assets	
a. Actuarial Value of Assets on July 1, 2023	3,215,148,052
b. Contributions	121,438,994
c. Benefit Distributions and Noninvestment Expenses	(228,918,831)
d. Interest on above at 7.50% to June 30, 2024	237,178,474
e. Total	3,344,846,689
3. Expected Unfunded Actuarial Accrued Liability on June 30, 2024	577,730,847

Actual Unfunded Actuarial Accrued Liability

4. Actuarial Accrued Liability Before Changes	3,969,179,847
5. Actuarial Value of Assets	3,355,469,275
6. Actual Unfunded Actuarial Accrued Liability on July 1, 2024 (4) – (5)	613,710,572

Actuarial Gain or (Loss)

7. Expected Unfunded Actuarial Accrued Liability	577,730,847
8. Actual Unfunded Actuarial Accrued Liability	613,710,572
9. Actuarial Gain or (Loss) for 2024 Fiscal Year (7) – (8)	(35,979,725)
10. Investment Gain or (Loss) (5) – (2e)	10,622,586
11. Other Gain or (Loss) (1e) – (4)	(46,602,311)

Actuarial Present Value of Accrued Benefits

	As of July 1, 2023	As of July 1, 2024
1. Present value of vested accrued benefits		
a. Present value of vested accrued benefits for active members	$1,106,101,064	$1,136,202,746
b. Present value of benefits for terminated members	66,968,666	74,175,051
c. Present value of benefits for retirees, beneficiaries and disableds	2,287,941,120	2,438,209,389
Total	$3,461,010,850	$3,648,587,186
2. Present value of accrued nonvested benefits	40,610,775	41,715,966
3. Present value of all accrued benefits = (1) + (2)	$3,501,621,625	$3,690,303,152
4. Market value of assets	$3,175,750,413	$3,311,608,929
5. Ratio of market value of assets to the present value of all accrued benefits = (4) / (3)	90.69%	89.74%
6. Ratio of market value of assets to the present value of vested accrued benefits = (4) / (1)	91.76%	90.76%

Change in Actuarial Present Value of Accrued Benefits

The change in actuarial present value of accrued benefits due to various factors including benefits accumulated, the passage of time, benefits paid, changes in assumptions and changes in MFPRSI's provisions is displayed below.

Actuarial present value of accrued benefits on July 1, 2023	$3,501,621,625
Change in present value of accrued benefits from July 1, 2023, to July 1, 2024, due to:	
• Additional benefits accumulated and net gain or loss	$158,389,345
• Interest due to passage of time	254,278,397
• Benefits paid	(226,582,199)
• Change in assumptions	0
• Change in MFPRSI's provisions	2,595,984
Actuarial present value of accrued benefits on July 1, 2024	$3,690,303,152

Investments

Investment Consultant's Report

Performance

Overview

Investment Consultant's Report

Provided by David H. Smith, CFA, Managing Director and
Doug Oest, CAIA, Managing Partner
Marquette Associates

David H. Smith, CFA
Managing Director
Marquette Associates

Doug Oest, CAIA
Managing Partner
Marquette Associates

Supported by a strong U.S. equity market, the MFPRSI Portfolio ("Portfolio") grew during the last twelve months to $3.3 billion, as of June 30, 2024. For the fiscal year, the Portfolio earned 7.9 percent, net of fees, and has returned 7.8 percent since inception. The Portfolio is evaluated against a benchmark of 60 percent global stocks and 40 percent domestic bonds which returned 13.0 percent for the fiscal year and 7.0 percent, annualized, since inception.

The Portfolio is diversified across both public and private market investments and as evidenced by this fiscal year, can underperform its policy benchmark during periods of lofty stock market returns. Over the long term, however, the Portfolio has meaningfully outperformed its policy benchmark.

The Federal Reserve raised interest rates aggressively beginning in March 2022, helping to cool inflation which surged to a forty-year high following the COVID pandemic. With inflation moderating and labor markets softening, the Federal Reserve is poised to start reducing rates in the second half of 2024.

The end of the interest rate tightening cycle and more compelling yields pushed fixed income back into positive territory for the fiscal year. For the twelve-month period ending June 30, 2024, the Bloomberg Aggregate Bond Index returned 2.6 percent. Fixed income may experience an additional boost as the Federal Reserve begins reducing interest rates during the remainder of 2024.

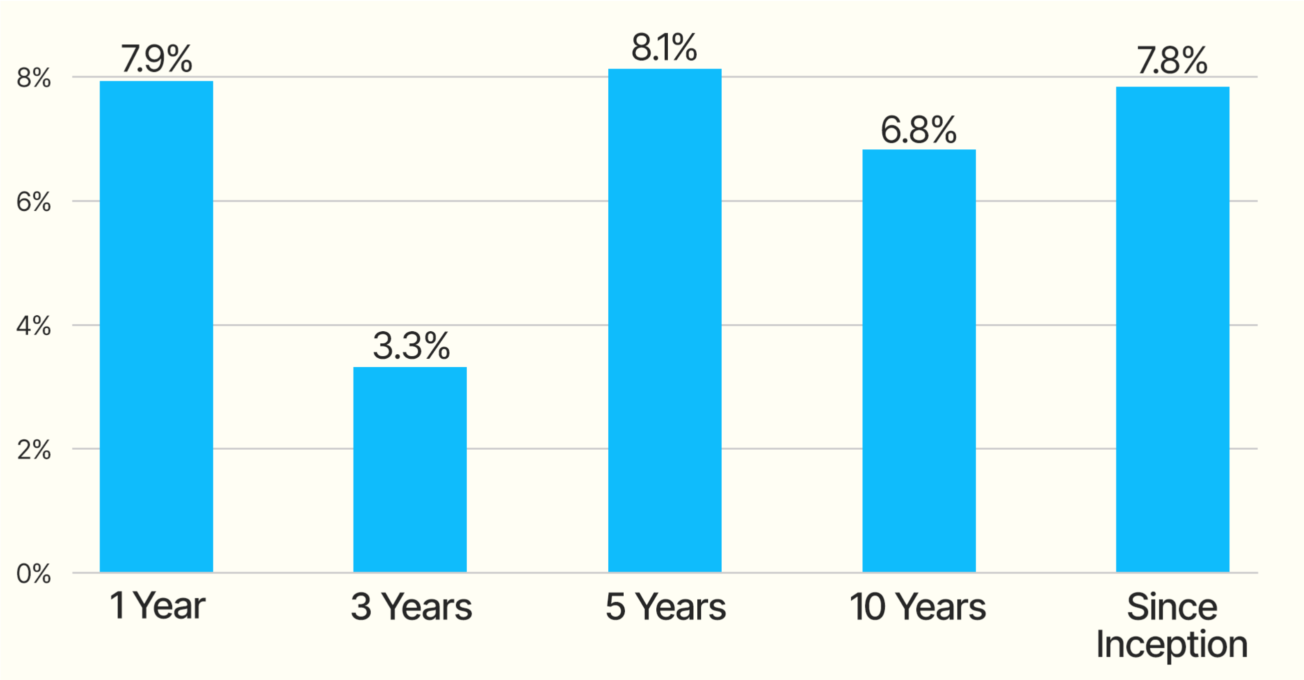
The Magnificent Seven (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) continued to drive U.S. equity performance helping the S&P 500 to return 24.6 percent during the fiscal year. However, strength from these few companies has driven U.S. large cap equity indices to historic levels of concentration. Accordingly, markets are increasingly narrow and disappointing earnings from the Magnificent Seven threaten to drag down the entire market if broader earnings growth does not emerge. As expectations have strengthened for interest rate cuts, small-cap equity performance has improved. Long undervalued compared to their large-cap peers, small-cap stocks appear positioned for a rebound.

Headwinds continue to challenge real estate markets. Property values declined as interest rates increased and transactions slowed. Similarly, higher interest rates have delayed private equity exit activity and dry powder continues to accumulate. However, mergers and acquisitions (M&A) activity is recovering. Over the long-term, MFPRSI's well-seasoned, cash-flowing private equity portfolio has offered an attractive illiquidity premium which is expected to return as private markets thaw.

By raising interest rates in March 2022 to curb the highest inflation level in forty years, the Federal Reserve embarked on a delicate task of cooling the U.S. economy without causing a recession. As of June 30, 2024, the Fed seems to be on track to navigate a soft landing and is likely to ease interest rates multiple times prior to the end of 2024, which will likely be stimulative to equity and fixed income markets alike. Whatever is in store, the Portfolio is thoughtfully managed and strategically allocated to optimize long-term asset growth.

Performance

As of June 30, 2024



Inception date is January 1, 1992. The 3-years, 5-years, 10-years, and since inception returns are annualized. It is important to note that historical performance is not a guarantee of future performance of the portfolio due to the cyclical nature of markets and the individual components thereof.

Overview

In order to maximize the important role that investment returns play in the funded status of MFPRSI's investment portfolio, the Board has adopted its *Investment Policy* as its investment guidelines. This document is designed to provide the framework necessary to guide the investment portfolio toward the retirement system's ongoing requirements of the benefit plan. The complete *Investment Policy* is available on MFPRSI's website, www.mfprsi.org.

MFPRSI's overall investment performance goal is to exceed an annualized actuarial assumed rate of return of 7.5 percent over a long-term time horizon. The actuarial assumed rate of return is the rate of return which will meet or exceed the benefits and administrative funding requirements of the retirement system. While the investment portfolio will exceed or fall short of that goal in shorter time periods, it is designed to withstand all market environments and outpace the actuarial assumed rate of return over the long term.

MFPRSI's investments are managed by professional investment management firms who have full discretion to direct the investment and reinvestment of the assets in their respective accounts in accordance with MFPRSI's investment policies, applicable to federal and state statutes and regulations, and the executed and detailed investment management agreements.

The net investment market values reported in this section differ from those shown in the Financial Statements and Actuary sections of this report. The values used in this section are the appropriate industry standard basis for investment return calculations.

Asset Allocation and Diversification

Asset allocation is a process designed to construct an optimal long-term mix that achieves a specific set of investment objectives. The Board's *Investment Policy* establishes the retirement system's asset allocation policy to meet those objectives. The asset allocation policy is adopted to provide diversification of assets in order to maximize returns within appropriate levels of market and economic risks.

MFPRSI pursues diversification in the investment portfolio by varying its investment assets and style. The success of any individual investment style tends to be cyclical, and diversification of assets within the investment portfolio enhances the potential to achieve MFPRSI's long-term goal of meeting a 7.5 percent annualized actuarial assumed rate of return.

Risk

Investing in any asset involves the possibility that the asset's actual return will differ from its expected return. Investment risk can be defined as the potential occurrence of a loss relative to the expected return on investment.

Risk is a vital element when determining the forecast of an investment. MFPRSI and Marquette carefully consider investment risk when implementing its investment strategy. The investment portfolio is tasked with achieving a long-term 7.5 percent actuarially assumed rate of return. In order to do so, the investment portfolio must take on risk as simply investing in low-risk or no-risk assets would make it difficult for the investment portfolio to achieve its 7.5 percent benchmark. Therefore, a moderate amount of risk must be accepted in order to surpass the actuarial assumed rate of return.

One common tool to measure risk is standard deviation which is a statistical measure of the amount an investment's returns differ from the mean of its returns. The lower the standard deviation, the closer an investment's actual returns tend to be to its average returns, and the higher the standard deviation, the further its actual returns tend to be from its average returns.

In its measurement using data as of March 2023, Marquette reported the retirement system's expected 10-year annualized volatility for its investment portfolio at 9.32 percent. This is the level of uncertainty the retirement system accepts in order to achieve its actuarial assumed rate of return. This is a relatively low-risk expectation given the task of building an investment portfolio is to provide annual returns of 7.5 percent.

MFPRSI and Marquette regularly review the investment portfolio's level of risk and will make changes as necessary to mitigate the investment portfolio's risk profile. This is done as part of the Board's commitment to being a sound retirement system.

Types of Assets

The retirement system's overall investment portfolio is separated into three main categories:

Core Investments

The Core Portfolio is comprised of a diversified mix of global public equity, fixed income, core real estate, absolute return, and infrastructure portfolios. The aggregate Core Portfolio's allocation and underlying investment manager makeup are determined by the Board, with the intention of out-performing a specified composite index on both an absolute and risk-adjusted basis and over a full market cycle. This index is also determined and reviewed by the Board in an attempt to meet or exceed the retirement system's actuarial rate of return over time.

Strategic Investments

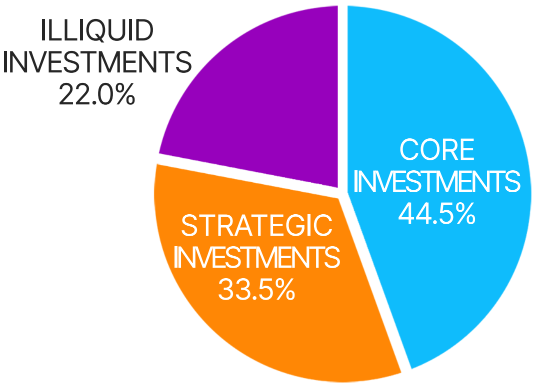
The Strategic Portfolio is comprised of multi-asset investment managers that invest in global securities, including but not limited to: public debt and equity, real assets, currencies, derivatives, and cash. The intent of the Strategic Portfolio is to outperform a specified composite index on both an absolute and risk-adjusted basis over a full market cycle. The composite index is currently weighted 75 percent to global equity and 25 percent to fixed income. This index is determined and reviewed by the Board in an attempt to meet or exceed the retirement system's actuarial rate of return over time. Individual managers in the Strategic Portfolio are granted the flexibility to tactically adjust their underlying asset allocations to take advantage of market opportunities they believe will benefit the retirement system.

Illiquid Investments

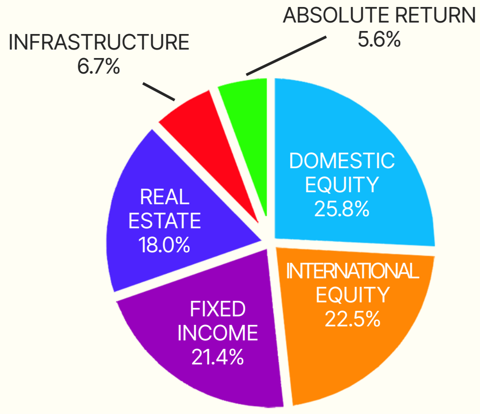
The fund may hire various investment managers who invest in private illiquid investment opportunities, including but not limited to venture, buyout, opportunistic, secondary market, credit and debt-related, closed-end real estate, and direct investment. These opportunities will consist of investing in private companies that do not offer equity and fixed income securities on public markets.

Investment Allocation

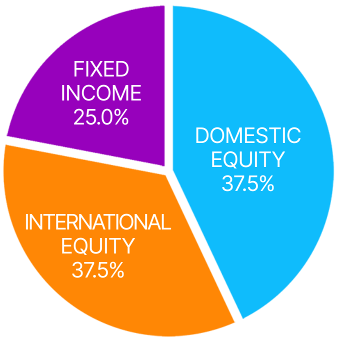
Asset Class	Portfolio Target Percentage
Core Investments[1]	44.5%
Strategic Investments[2]	33.5%
Illiquid Investments[3]	22.0%
Total	100.0%



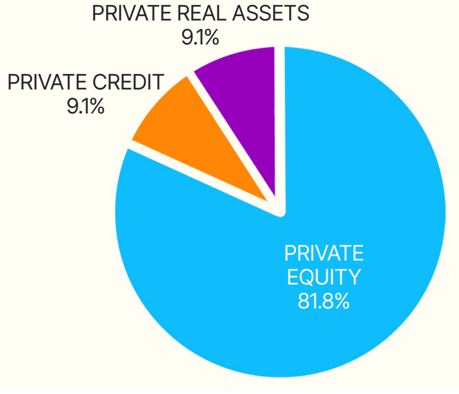
[1]Core Investments Asset Class	Portfolio Target Percentage
Domestic Equity	25.8%
International Equity	22.5%
Fixed Income	21.4%
Real Estate	18.0%
Infrastructure	6.7%
Absolute Return	5.6%
Total	100.0%



[2]Strategic Investments Asset Class	Portfolio Target Percentage
Domestic Equity	37.5%
International Equity	37.5%
Fixed Income	25.0%
Total	100.0%

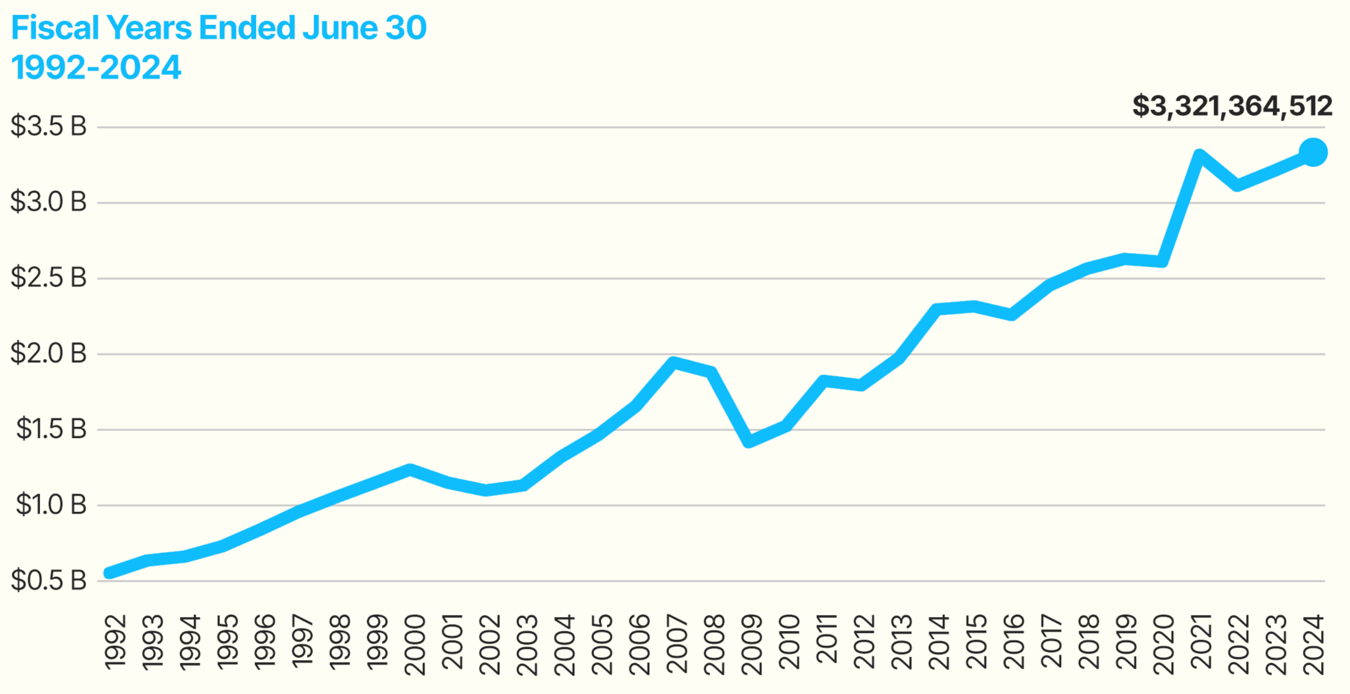


[3]Illiquid Investments Asset Class	Portfolio Target Percentage
Private Equity	81.8%
Private Credit	9.1%
Private Real Assets	9.1%
Total	100.0%

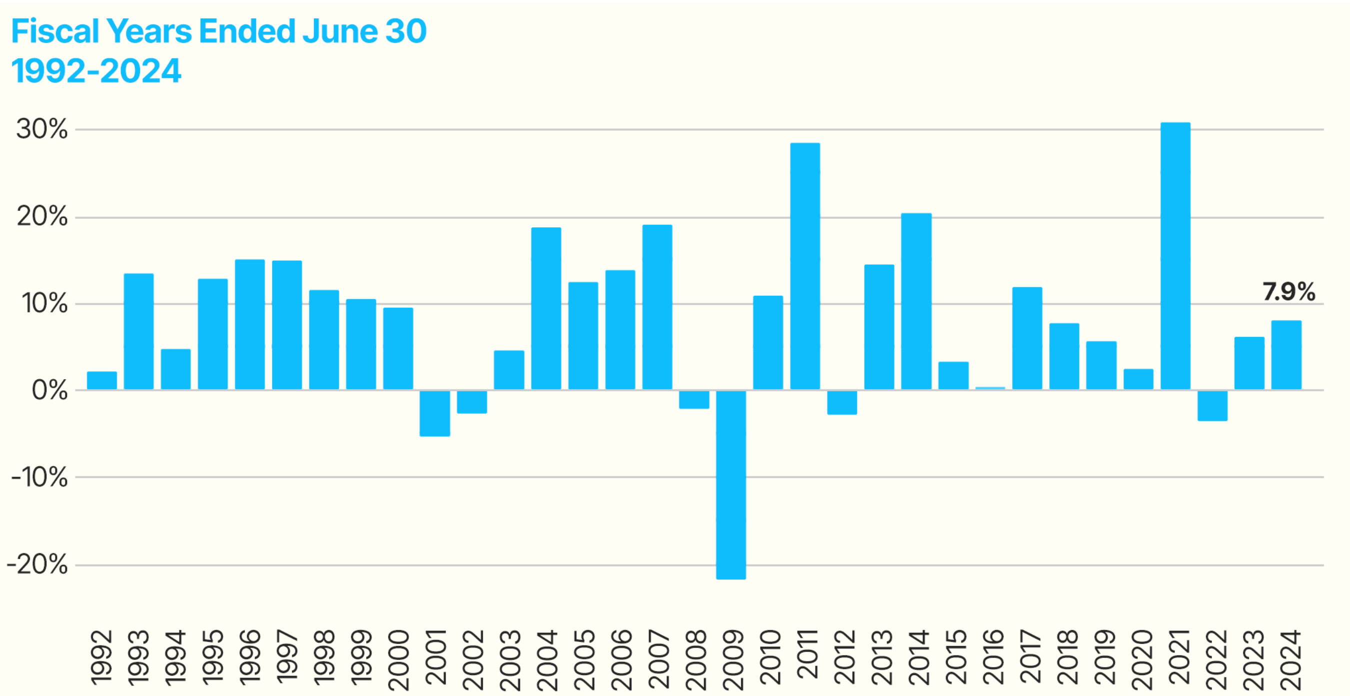


Caveats: In the absence of suitable opportunities within a specific market, the funds shall be directed to the other components within the debt or equity category. Due to the fluctuation of market values, positioning within ±5% of the Core and Strategic Investments target and within ±10% of Illiquid Investments shall constitute compliance with the policy. A review of the allocation policy shall occur periodically to allow the Board of Trustees to consider the effect of any changes in market conditions or of the expectations for the retirement system.

Growth of Net Investment Portfolio Assets



Annual Investment Returns



Benefits

Description of Benefit Plan

Optional Forms of Retirement

DROP - Deferred Retirement Option Plan

Membership Data

Description of Benefit Plan

Benefit formulas are established by Iowa Code Chapter 411, and revisions to the benefit program can only be instituted by the Iowa General Assembly. The Board and staff are required to administer retirement benefits in compliance with the statutory provisions. Questions concerning an individual's eligibility should be directed to the administration.

Retirement Age

To qualify for a full service retirement, the member must be age 55 or older with a minimum of 22 years of service at termination of employment. Death and disability benefits do not have specific age or length of service requirements. Retirement under the ordinary disability or accidental disability programs of MFPRSI are available to members who become permanently disabled (while there are no age or length of service requirements, "permanently disabled" is defined as a duration of one year or longer) while employed as a firefighter or police officer.

Benefit Amounts

Current benefit amounts are based upon a percentage of the member's average monthly earnable compensation. The average monthly earnable compensation is calculated by adding the member's earnable compensation for the highest three years of service and dividing it by 36. The percentage multiplier varies by type of retirement and the length of the member's service. For service retirements, the benefit percentage is 66 percent with 22 years of service and 82 percent with 30 years of service.

Refund of Contributions

Since July 1, 1990, members who terminate service, other than by death or disability, may withdraw their contributions in total from their date of hire through their termination date. If a member withdraws contributions, the member waives any claim to benefits for the period of membership for which the withdrawal is made.

Members who terminate service also have the option to rollover the eligible portion of their refund to another qualified retirement plan or to an individual retirement account (IRA). Such rollovers must be approved in advance by MFPRSI. The contributions being withdrawn are credited with an annualized simple interest rate determined by the Board, currently set at 5 percent.

Vesting

When a member earns at least 4 years of credited service or reaches age 55 while performing membership service, the member becomes vested in the retirement system. Once vested, the member is entitled to a monthly benefit.

Optional Forms of Retirement

Members retiring through a service or vested service retirement have the opportunity to select either the "basic benefit" as provided by Chapter 411, or one of six optional forms of benefits. The basic benefit is a lifetime benefit based on the member's average monthly compensation and number of years of service. Each option is actuarially adjusted and based on the basic benefit.

1. **The Basic Benefit** - The member's spouse is entitled to 50 percent of the gross benefit at the time of the member's passing, but not less than 20 percent of the average earnable compensation of the active membership as reported by the actuary.

   Please visit www.mfprsi.org for more information about the basic benefit.

The optional forms of benefits below are calculated using actuarial tables which consider the age of the member at retirement, the age of the member's beneficiary, and the assumed life expectancy of both. The beneficiary receives this amount for his or her lifetime.

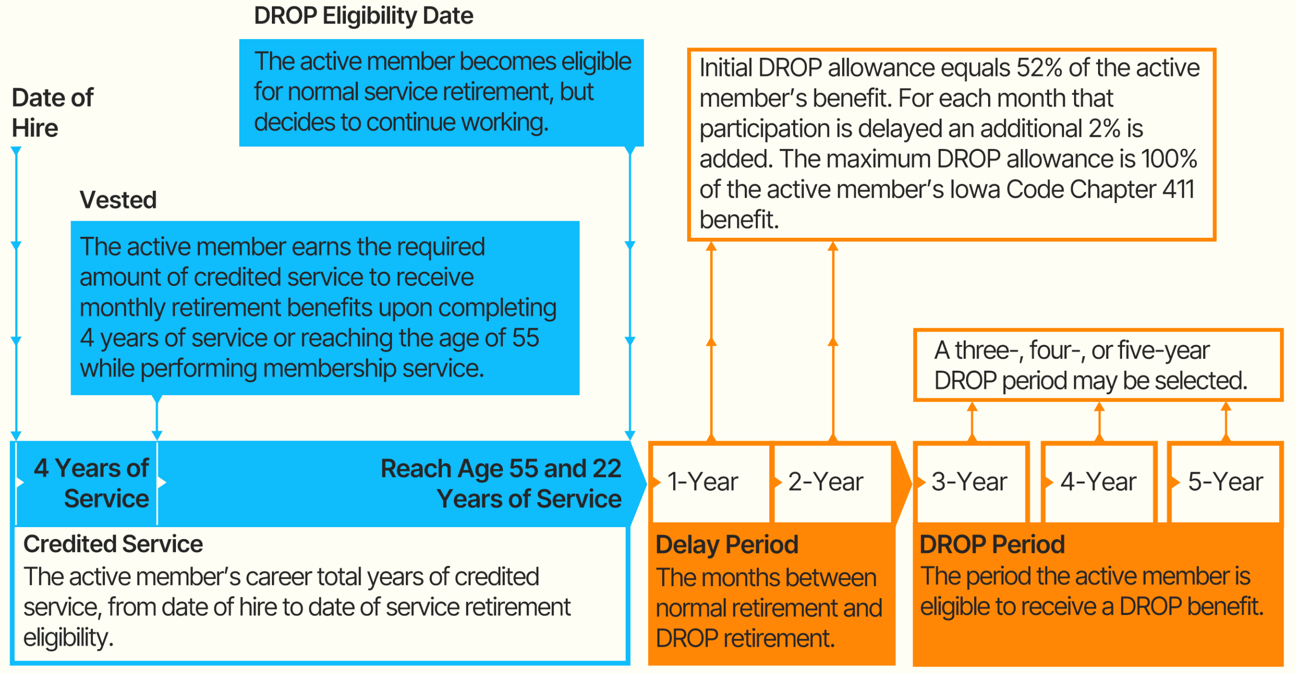
2. **Joint & 75 Percent Survivor Annuity** - The designated beneficiary receives 75 percent of the gross amount of the member's retirement at the time of the member's passing. If the beneficiary passes before the member, then the benefits end upon the member's passing.
3. **Joint & 75 Percent Survivor Annuity with Pop-Up** - The designated beneficiary receives 75 percent of the gross amount of the member's retirement at the time of the member's passing. Should the beneficiary pass before the member, the benefit will increase to the amount of the basic benefit and no survivor benefit is payable following the member's passing.
4. **Joint & 100 Percent Survivor Annuity** - The designated beneficiary receives 100 percent of the gross amount of the member's retirement at the time of the member's passing. If the beneficiary passes before the member, then the benefits end upon the member's passing.
5. **Joint & 100 Percent Survivor Annuity with Pop-Up** - The designated beneficiary receives 100 percent of the gross amount of the member's retirement at the time of the member's passing. Should the beneficiary pass before the member, the benefit will increase to the amount of the basic benefit and no survivor benefit is payable following the member's passing.
6. **Single-Life Annuity with Designated Lump Sum** - The designated beneficiary receives a one-time, lump-sum payment upon the passing of the member. If the beneficiary passes prior to the member, the lump sum is paid to the member's estate.
7. **Straight-Life Annuity** - Following the member's passing, no further benefits are payable.

DROP - Deferred Retirement Option Plan

Active members, at least 55 years old with 22 or more years of service, have the option to participate in DROP (Deferred Retirement Option Plan). This program is an arrangement for members who are otherwise eligible to retire and begin benefits, but continue working. Members can elect a three-, four-, or five-year DROP period. Members will sign a contract indicating they will retire at the end of the selected DROP period by electing to participate in the program.

During the member's DROP period the member's retirement benefit is frozen and a DROP benefit is credited to an account established for the member. The DROP benefit is equal to 52 percent of the member's retirement benefit at the member's earliest date eligible and 100 percent if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed in the form of a lump sum or rolled over to an eligible plan.

DROP Timeline - The graphic below provides a general timeline of a member's career and participation in DROP. Following the member's DROP eligibility date, which is the date the member would normally be qualified to retire yet they have decided to continue working, completing two additional full years before officially enrolling in the plan earns the member 100 percent of their Chapter 411 benefit. Upon completion of the DROP period (three, four, or five years) and termination of employment, the member will receive their benefit accrued through the DROP plan in the form of a one-time, lump-sum payout.



Membership Data

Retirement System Membership Profile

	July 1,		
Active Members	2022	2023	2024
Number	4,155	4,168	4,253
Average Attained Age	40.2	40.1	39.7
Average Past Service	12.9	12.8	12.4
Total Annual Compensation	$349,752,458	$374,768,422	$390,703,785
Average Annual Compensation	84,176	89,916	91,865
Non-Active Members in Pay Status			
Number	4,353	4,433	4,512
Average Age (excluding children)	70.2	70.3	70.3
Total Annual Benefits	$202,627,044	$209,546,340	$223,624,968
Average Annual Benefit	46,549	47,269	49,562
Non-Active Members with Deferred Benefits			
Number*	453	465	485
Average Age	43.3	43.4	43.5
Total Annual Benefits	$9,595,116	$10,151,220	$10,981,116
Average Annual Benefit	21,181	21,831	22,641

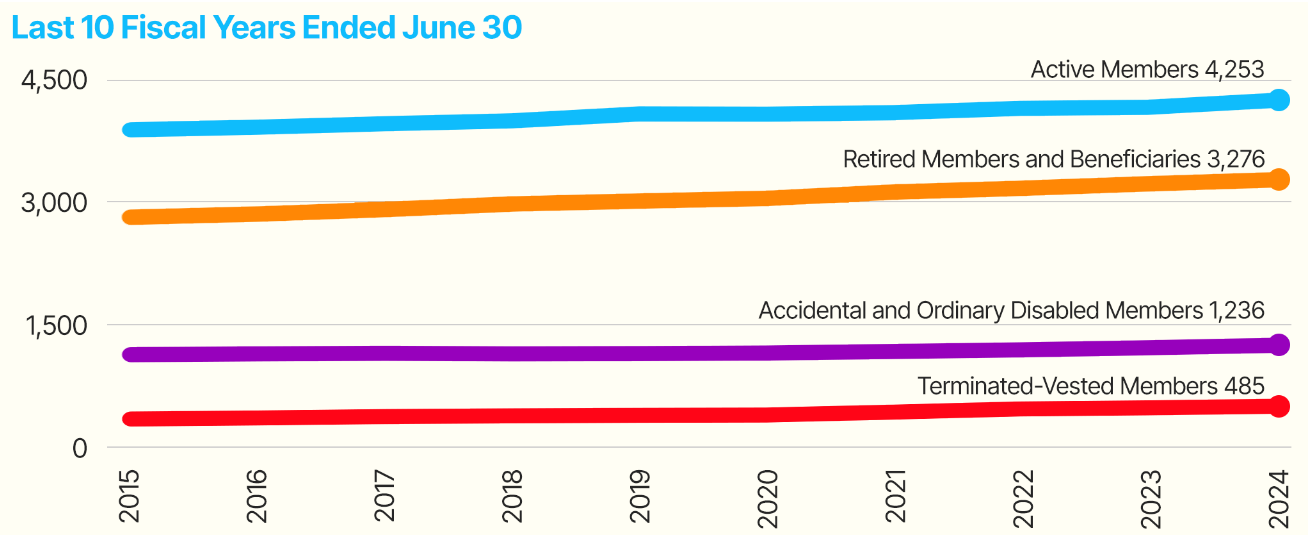
*Excludes 114, 111 and 120 terminated nonvested members who had not yet received a refund of contributions as of 2022, 2023 or 2024 respectively.

Participating Cities

Ames
Ankeny
Bettendorf
Boone
Burlington
Camanche
Carroll*
Cedar Falls
Cedar Rapids
Centerville
Charles City
Clinton
Clive*
Council Bluffs
Creston
Davenport
Decorah
Des Moines
DeWitt*
Dubuque
Estherville*
Evansdale*
Fairfield
Fort Dodge
Fort Madison
Grinnell
Indianola*
Iowa City
Keokuk
Knoxville*
Le Mars*
Maquoketa*
Marion
Marshalltown
Mason City
Muscatine
Newton
Oelwein
Oskaloosa
Ottumwa
Pella*
Sioux City
Spencer
Storm Lake
Urbandale
Waterloo
Waverly*
Webster City
West Des Moines

*Police department only.

Membership by Type



Benefits by Type

Service Benefits

Age	Number	Total Annual Benefit	Average Annual Benefit
55-59	167	$12,529,128	$75,025
60-64	286	20,543,436	71,830
65-69	352	25,092,444	71,285
70-74	371	24,893,316	67,098
75-79	306	19,802,136	64,713
80-84	189	10,757,832	56,920
Over 84	136	6,528,540	48,004
Total	1,807	$120,146,832	$66,490

Vested Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
55-59	113	$3,409,896	$30,176
60-64	119	3,111,588	26,148
65-69	102	2,275,944	22,313
70-74	90	1,813,656	20,152
75-79	49	815,004	16,633
80-84	22	342,588	15,572
Over 84	12	95,616	7,968
Total	507	$11,864,292	$23,401

Accidental Disability Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	17	$811,164	$47,716
40-44	24	1,244,640	51,860
45-49	54	2,733,504	50,620
50-54	87	4,800,012	55,173
55-59	116	6,801,504	58,634
60-64	142	8,729,904	61,478
65-69	144	8,341,164	57,925
70-74	167	9,052,380	54,206
75-79	131	6,643,584	50,714
80-84	87	4,184,928	48,103
Over 84	48	2,229,396	46,446
Total	1,017	$55,572,180	$54,643

Ordinary Disability Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	11	$372,108	$33,828
40-44	20	747,276	37,364
45-49	21	901,416	42,925
50-54	22	962,400	43,745
55-59	32	1,619,820	50,619
60-64	20	932,412	46,621
65-69	22	1,008,336	45,833
70-74	27	1,331,964	49,332
75-79	23	1,037,160	45,094
80-84	13	570,576	43,890
Over 84	8	327,120	40,890
Total	219	$9,810,588	$44,797

Beneficiaries (Spouse)

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	3	$97,908	$32,636
40-44	7	223,416	31,917
45-49	11	360,096	32,736
50-54	14	466,344	33,310
55-59	30	1,039,188	34,640
60-64	44	1,387,572	31,536
65-69	88	2,687,484	30,540
70-74	144	4,276,692	29,699
75-79	152	4,304,628	28,320
80-84	173	4,758,876	27,508
Over 84	258	6,337,020	24,562
Total	924	$25,939,224	$28,073

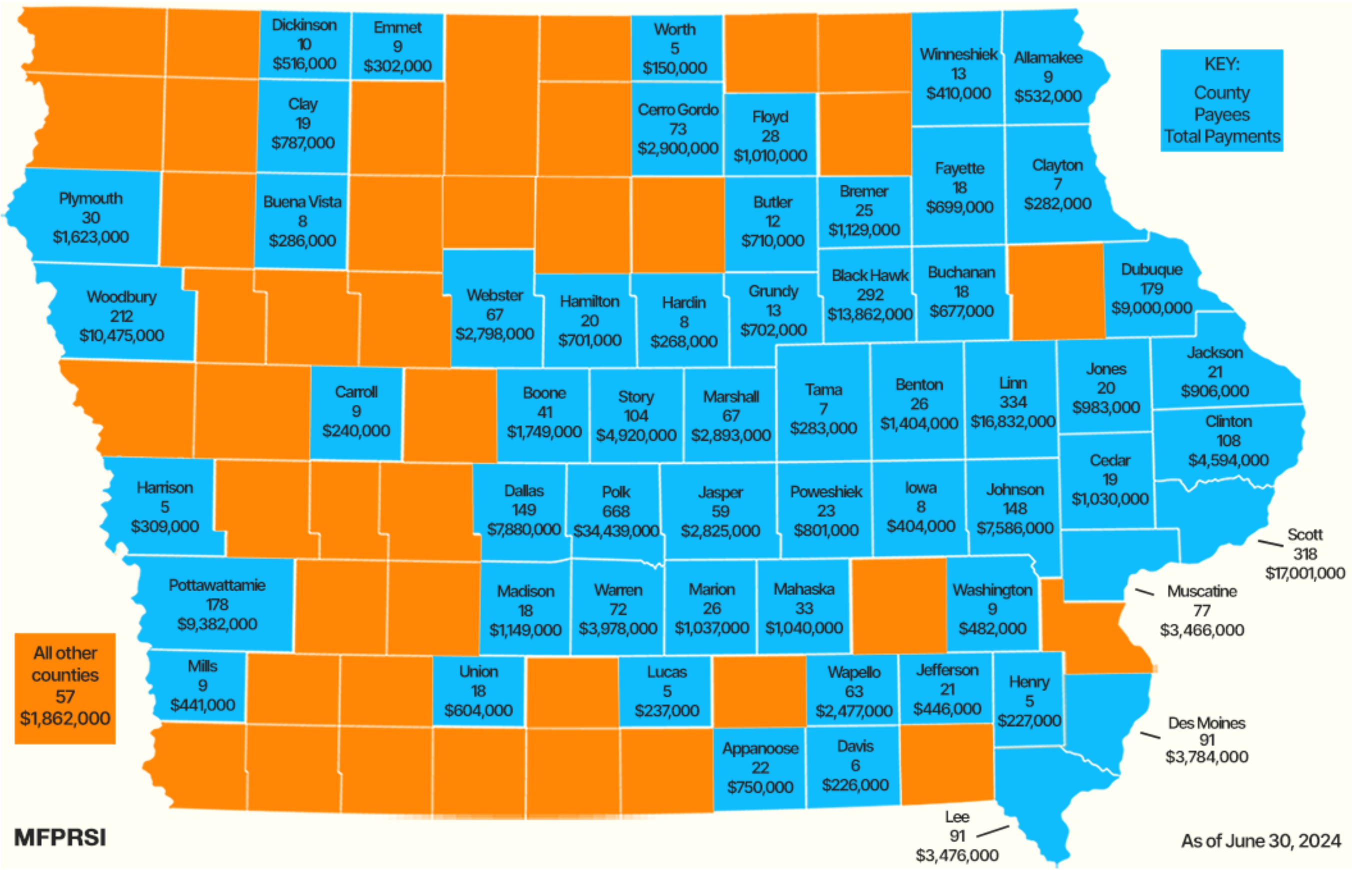
Beneficiaries (Children)

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 3	0	$0	$0
3-5	0	0	0
6-8	2	11,820	5,910
9-11	3	18,612	6,204
12-14	4	25,968	6,492
15-17	5	30,984	6,197
18-20	12	85,368	7,114
Over 20	12	119,100	9,925
Total	38	$291,852	$7,680

Terminated Vested

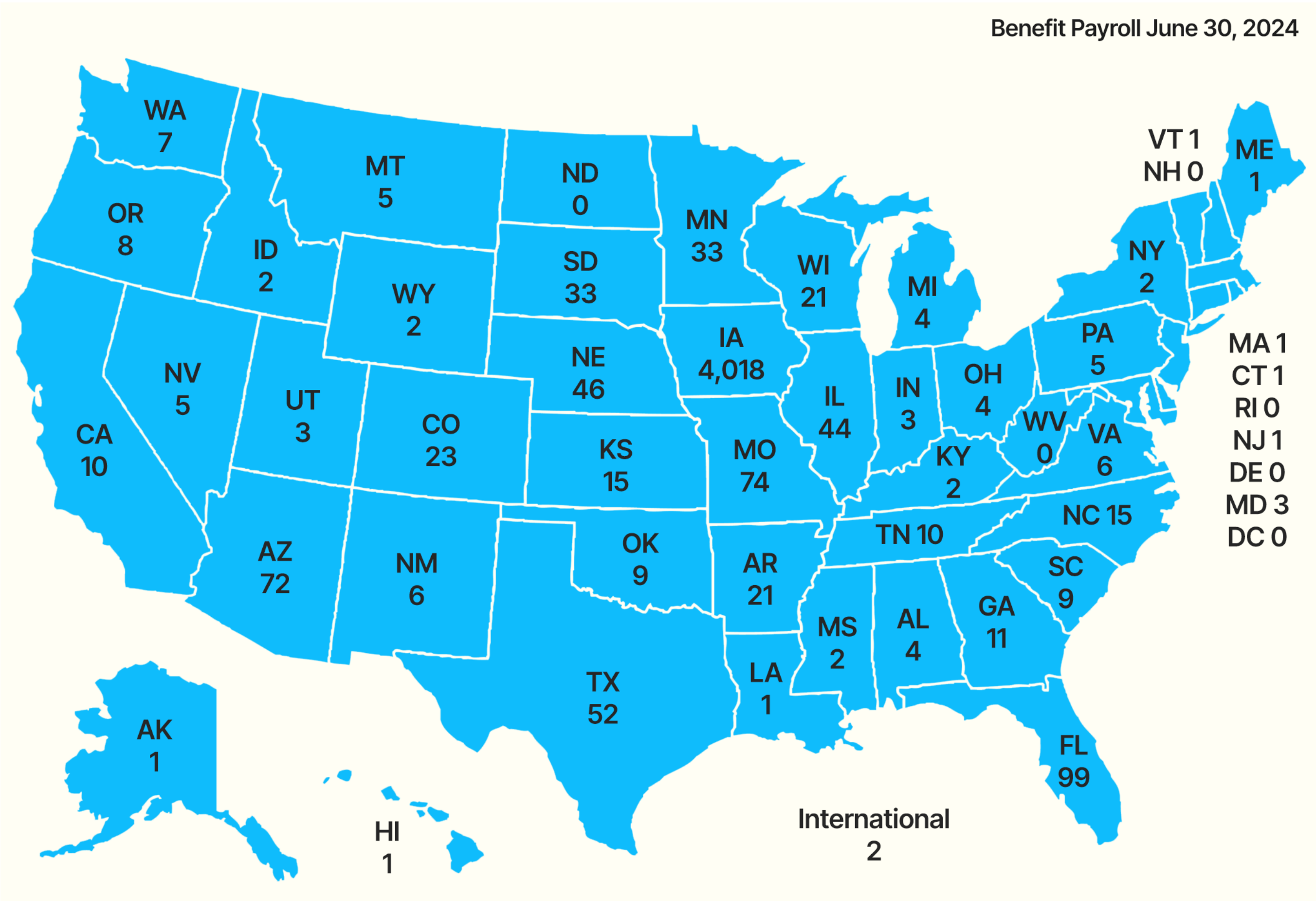
Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	152	$2,170,704	$14,281
40-44	112	2,373,840	21,195
45-49	97	2,446,368	25,220
50-54	120	3,908,184	32,568
Over 54	4	82,020	20,505
Total	485	$10,981,116	$22,641

Payees and Total Benefit Payments by Counties in Iowa



The map above illustrates the number of benefit payments made to members with mailing addresses residing in the State of Iowa as of June 30, 2024. Approximately 85% of all members receiving a monthly benefit from MFPRSI reside in Iowa.

Number of Benefit Payments to Members by U.S. State



The map above illustrates the number of benefit payments made to members with mailing addresses residing in the individual states and internationally as of June 30, 2024. Approximately 99% of all monthly benefit payments are done via ACH.

Preparation of Annual Report

The preparation of this report and financial statements were the result of the combined efforts of the retirement system's staff under the direction of the Executive Director, Deputy Director, and Chief Investment Officer.

MFPRSI's annual report for fiscal year 2024 was prepared by MFPRSI staff using data gathered from various sources including MFPRSI's actuarial services provider, HUB International, investment consultant, Marquette Associates, and communications consultant, Wixted & Co. The feature article, *Academy Empowers Next Generation of Women Firefighters, Police, & Military*, was written by Wixted & Co.

The firm of Eide Bailly LLP conducted an audit for the period ending June 30, 2024. A copy of the audit report has been provided to each of the employing cities and is viewable at www.mfprsi.org. Copies of the report are also available at MFPRSI's office in West Des Moines, Iowa.

This report is intended to provide reliable information as a basis for management decisions, legal compliance, and stewardship of the retirement system's assets. The Board and staff appreciate the efforts extended by city officials as well as the support given to MFPRSI by the active and retired memberships and city representatives.

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