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NOTE 5 NET PENSION LIABILITY (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using the software simulations developed by the Fund's investment consultant, Marquette Associates, 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 weighting 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, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Broad Fixed Income	4.8 %
High Yield	8.4 %
Global Aggregate	3.8 %
Emerging Market Debt	7.5 %
U.S. Large Cap Core Equity	6.9 %
U.S. Mid Cap Core Equity	7.4 %
U.S. Small Cap Core Equity	8.0 %
Global Low Volatility Equity	6.5 %
International Developed Large Cap Equity	7.6 %
International Small Cap Equity	8.1 %
Emerging Market Equity	7.8 %
Hedge Funds	5.3 %
Core Real Estate	6.5 %
Public REITs	5.8 %
Opportunistic Real Estate	11.0 %
Global Infrastructure	6.9 %
Private Market	11.1 %

The above table reflects the expected real rate of return for each major asset class. The expected inflation rate is projected at 2.75% for the same period.

Discount Rate

The discount rate used to measure the total pension liability was 7.35%. 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 the participating governmental entity 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 projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.