



Lycoming County Employees' Retirement System

Actuarial Valuation

*As of January 1, 2026
Contributions Applicable to the Plan/
Fiscal Year Ending December 31, 2026*

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

June 22, 2026

Board of Trustees
Lycoming County Employees' Retirement System

Re: Actuarial Valuation Report - Lycoming County Employees' Retirement System

Dear Board,

This report details the annual actuarial valuation of the Employees' Retirement System as of January 1, 2026.

The valuation was performed to measure the plan's liability and funding levels and to determine the actuarially appropriate funding requirements for the plan year ending December 31, 2026. This report was prepared for use by the Board. Use of the results for other purposes may not be applicable and could produce significantly different results.

DATA AND ASSUMPTIONS

In preparing this report, we have relied on personnel, plan design and asset information supplied by the Board. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated fund experience. Other sets of assumptions and methods could also be reasonable and could produce materially different results. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

DISCLOSURES AND LIMITATIONS

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the

software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

ACTUARIAL CERTIFICATION

The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board; specifically No. 4 for Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, No. 23 for Data Quality, No. 27 for Selection of Economic Assumptions for Measuring Pension Obligations, No. 35 for Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, No. 44, Selection and Use of Asset Valuation Methods for Pension Valuations, and No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations.

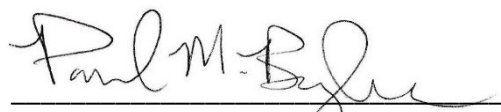
In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on this report has any direct financial interest or indirect material interest in the Lycoming County, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Employees' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,

Foster & Foster, Inc.



Paul M. Baugher, FSA, EA, MAAA



David D. Reichert, EA

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SUMMARY

The regular annual actuarial valuation of the Lycoming County Employees' Retirement System, performed as of January 1, 2026, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year beginning December 31, 2026.

The contribution requirements, compared with those set forth in the January 1, 2025 actuarial report, are as follows:

Valuation Date	1/1/2026	1/1/2025
Applicable to Fiscal Year Beginning	12/31/2026	12/31/2025
Total Recommended Contribution	\$2,777,233	\$3,468,805
Member Contributions (Est.)	(2,163,009)	(2,826,458)
County Recommended Contribution	614,224	642,347

As you can see, the Total Recommended Contribution shows a decrease from the January 1, 2025 actuarial valuation report. The decrease is mainly attributable to net favorable plan experience.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of favorable experience included more turnover than expected, an investment return of 7.65% (Actuarial Asset Basis) which exceeded the 7.00% assumption, and an average salary increase of 1.76% which fell short of the 4.00% assumption. These gains were offset in part by a loss associated with more retirements than expected.

CHANGES SINCE PRIOR VALUATION

The valuation reflects no plan changes.

The valuation reflects no assumption or method changes

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

Valuation Date	1/1/2026	1/1/2025
A. Participant Data		
Number Included		
Actives	487	519
Service Retirees	436	414
Beneficiaries	29	27
Disability Retirees	1	1
Terminated	<u>125</u>	<u>102</u>
Total	1,078	1,063
Total Annual Payroll	\$26,123,305	\$29,689,683
Payroll Under Assumed Ret. Age	26,123,305	29,689,683
Annual Rate of Payments to:		
Service Retirees	9,863,891	9,082,464
Beneficiaries	398,095	387,774
Disability Retirees	13,730	13,730
Terminated	923,430	678,923
B. Assets		
Actuarial Value	163,745,431	160,805,578
Market Value	172,495,826	162,324,410
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	62,226,941	76,566,448
Disability Benefits	0	0
Death Benefits	975,102	1,126,452
Vested Benefits	9,528,942	10,605,639
Service Retirees	100,566,669	92,048,947
Beneficiaries	3,505,060	3,375,750
Disability Retirees	126,093	127,685
Terminated	<u>9,379,568</u>	<u>6,416,760</u>
Total	186,308,375	190,267,681

Valuation Date	1/1/2026	1/1/2025
C. Liabilities - (Continued)		
Present Value of Future Salaries	251,987,976	284,233,499
Present Value of Future Member Contributions	20,159,038	27,059,029
Normal Cost (Retirement)	2,531,773	2,932,774
Normal Cost (Disability)	0	0
Normal Cost (Death)	52,741	59,536
Normal Cost (Vesting)	<u>633,893</u>	<u>718,155</u>
Total Normal Cost	3,218,407	3,710,465
Present Value of Future Normal Costs	27,885,667	32,178,704
Accrued Liability (Retirement)	39,765,286	50,499,701
Accrued Liability (Disability)	0	0
Accrued Liability (Death)	546,704	645,332
Accrued Liability (Vesting)	4,533,328	4,974,802
Accrued Liability (Inactives)	<u>113,577,390</u>	<u>101,969,142</u>
Total Actuarial Accrued Liability	158,422,708	158,088,977
Unfunded Actuarial Accrued Liability (UAAL)	(5,322,723)	(2,716,601)
Funded Ratio (AVA / AL)	103.4%	101.7%

Valuation Date	1/1/2026	1/1/2025
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	113,577,390	101,969,142
Actives	9,171,650	12,163,234
Member Contributions	<u>20,416,413</u>	<u>24,308,129</u>
Total	143,165,453	138,440,505
Non-vested Accrued Benefits	<u>1,459,230</u>	<u>1,601,601</u>
Total Present Value Accrued Benefits	144,624,683	140,042,106
Funded Ratio (MVA / PVAB)	119.3%	115.9%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	7,363,680	
Benefits Paid	(12,158,503)	
Interest	9,377,400	
Other	<u>0</u>	
Total	4,582,577	

Valuation Date	1/1/2026	1/1/2025
Applicable to Fiscal Year Ending	12/31/2026	12/31/2025

E. Pension Cost

Normal Cost ²	\$3,218,407	\$3,710,465
Administrative Expenses	105,000	30,000
Payment Required to Amortize Unfunded Actuarial Accrued Liability / (Funding Adjustment) (as of 1/1/2026)	(546,174)	(271,660)
Total Recommended Contribution	2,777,233	3,468,805
Expected Member Contributions	(2,163,009)	(2,826,458)
Expected County Contribution	614,224	642,347
% of Total Annual Payroll	2.35	2.16

F. Past Contributions

Plan Years Ending:	<u>12/31/2025</u>
Total Recommended Contribution	3,188,852
County	642,347
Actual Contributions Made:	
Members (excluding buyback)	2,546,505
County	<u>642,347</u>
Total	3,188,852

G. Net Actuarial (Gain)/Loss	(2,750,550)
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² The equivalent normal cost accrual rate to be applied to actual 2025 salaries to determine reimbursable expenses is 2.44%.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

Year	Projected Unfunded Accrued Liability
2026	(5,322,723)

I. (i) Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	12/31/2025	1.76%	4.00%
Year Ended	12/31/2024	5.36%	4.00%
Year Ended	12/31/2023	10.73%	4.00%

(ii) Comparison of Investment Return on Actuarial Value

		Actual MVA	Actual AVA	Assumed
Year Ended	12/31/2025	12.16%	7.65%	7.00%
Year Ended	12/31/2024	13.48%	7.66%	7.00%
Year Ended	12/31/2023	13.33%	8.21%	7.00%
Year Ended	12/31/2022	-13.89%	6.80%	7.00%

DEVELOPMENT OF AMORTIZATION PAYMENT

(1)	Unfunded Actuarial Accrued Liability as of January 1, 2025	(\$2,716,601)
(2)	Sponsor Normal Cost developed as of January 1, 2025	884,007
(3)	Expected administrative expenses for the year ended December 31, 2025	30,000
(4)	Expected interest on (1), (2) and (3)	(127,232)
(5)	Sponsor contributions to the System during the year ended December 31, 2025	642,347
(6)	Expected interest on (5)	0
(7)	Expected Unfunded Actuarial Accrued Liability as of December 31, 2025 (1)+(2)+(3)+(4)-(5)-(6)	(2,572,173)
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(2,750,550)
(10)	Unfunded Actuarial Accrued Liability as of January 1, 2026	(5,322,723)

Type of Base	Date Established	Years Remaining	1/1/2026 Amount	Payment
	1/1/2026	15	<u>(5,322,723)</u>	<u>(546,174)</u>
			(5,322,723)	(546,174)

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of January 1, 2025	(\$2,716,601)
(2) Expected UAAL as of January 1, 2026	(2,572,173)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(1,020,939)
Salary Increases	(994,488)
Active Decrements	(201,927)
Inactive Mortality	383,418
New Entrants	0
Other	<u>(916,614)</u>
Change in UAAL due to (Gain)/Loss	(2,750,550)
Change to UAAL due to Assumption Change	<u>0</u>
(4) Actual UAAL as of January 1, 2026	(\$5,322,723)

RECONCILIATION OF CHANGES IN CONTRIBUTION REQUIREMENT

(1) Contribution Determined as of January 1, 2025	\$ 642,347
(2) Summary of Contribution Impact by component:	
Change in Normal Cost	(492,058)
Change in Assumed Administrative Expense	75,000
Change in Expected Member Contributions	663,449
Change in Funding Adjustment	(274,514)
Other	<u>-</u>
Total Change in Contribution	(28,123)
(3) Contribution Determined as of January 1, 2026	\$614,224

FUNDING HISTORY

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Recommended County Contribution
1/1/2013	N/A	N/A	82.7%	\$2,270,134
1/1/2014	N/A	N/A	86.1%	\$2,146,876
1/1/2015	N/A	N/A	91.5%	\$2,139,753
1/1/2016	N/A	N/A	91.9%	\$2,304,856
1/1/2017	N/A	N/A	94.0%	\$2,190,157
1/1/2018	N/A	N/A	96.0%	\$2,051,188
1/1/2019	N/A	N/A	94.2%	\$2,059,528
1/1/2020	\$125,433,976	\$131,900,921	95.1%	\$1,945,444
1/1/2021	\$135,677,641	\$136,419,929	99.5%	\$1,592,238
1/1/2022	\$147,627,822	\$140,824,566	104.8%	\$462,620
1/1/2023	\$151,308,114	\$146,215,943	103.5%	\$636,778
1/1/2024	\$156,470,530	\$154,168,074	101.5%	\$664,963
1/1/2025	\$160,805,578	\$158,088,977	101.7%	\$642,347
1/1/2026	\$163,745,431	\$158,422,708	103.4%	\$614,224

PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2026	609,625	11,021,109	11,630,734
2027	793,047	10,440,907	11,233,954
2028	1,020,095	10,258,430	11,278,525
2029	1,236,636	10,238,224	11,474,860
2030	1,547,846	10,216,540	11,764,386
2031	1,856,506	9,808,437	11,664,943
2032	2,167,350	9,547,884	11,715,234
2033	2,533,289	9,438,726	11,972,015
2034	2,927,995	9,307,486	12,235,481
2035	3,348,710	8,996,512	12,345,222
2036	3,816,120	8,721,188	12,537,308
2037	4,345,923	8,684,794	13,030,717
2038	4,841,477	8,169,838	13,011,315
2039	5,261,549	8,156,904	13,418,453
2040	5,788,652	7,858,450	13,647,102
2041	6,261,702	7,483,926	13,745,628
2042	6,687,737	7,142,136	13,829,873
2043	7,245,061	7,152,575	14,397,636
2044	7,655,744	6,928,691	14,584,435
2045	8,129,085	6,308,276	14,437,361
2046	8,632,298	6,118,641	14,750,939
2047	9,087,381	5,743,686	14,831,067
2048	9,550,535	5,638,450	15,188,985
2049	9,957,278	5,295,529	15,252,807
2050	10,392,652	4,771,718	15,164,370
2051	10,856,659	4,370,690	15,227,349
2052	11,317,065	3,967,452	15,284,517
2053	11,663,425	3,775,336	15,438,761
2054	11,914,082	3,692,611	15,606,693
2055	12,191,990	3,171,665	15,363,655
2056	12,493,831	3,142,618	15,636,449
2057	12,654,935	2,580,070	15,235,005
2058	12,862,289	2,426,408	15,288,697
2059	12,930,921	2,104,600	15,035,521
2060	13,004,578	1,887,326	14,891,904
2061	13,005,440	1,685,622	14,691,062
2062	12,997,170	1,499,563	14,496,733
2063	12,905,775	1,329,070	14,234,845
2064	12,772,966	1,173,947	13,946,913
2065	12,601,543	1,033,872	13,635,415

ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rate 7.00% per year compounded annually, net of investment related expenses. We will continue to monitor this assumption in light of actual experience and the long-term expected return by asset class.

Inflation 2.50%.

Salary Increases 4.0% per year.

Mortality Rate

Active Lives:
PubG-2010 Employee mortality, with generational improvements using projection scale MP-2019.

Inactive Lives:
PubG-2010 Healthy Retiree mortality, with generational improvements using projection scale MP-2019.

Beneficiaries:
PubG-2010 Survivor mortality, with generational improvements using projection scale MP-2019.

Disabled Lives:
PubG-2010 Disabled mortality, with generational improvements using projection scale MP-2019.

The mortality assumptions sufficiently accommodate anticipated future mortality improvements.

Retirement Rate

Age (BOY)	Rate
55-59	7%
60-61	8%
62-64	15%
65	34%
66-70	23%
71-79	21%
80	100%

Disability Rate None.

Termination Rate

Less than 6 years of service: Table T-7 of the Actuary's Handbook multiplied by the percentages below.

Service	Percentage
0	300%
1	275%
2	250%
3	225%
4	200%
5	175%

Greater than 6 years of service:

Age	Rate
20	5.50%
25	5.37%
30	5.17%
35	4.84%
40	4.39%
45	3.90%
50	3.12%
55+	1.98%

Form of Payment

Service Retirement

70% of members are assumed to elect to annuitize their member contributions, and 30% are assumed to elect a refund of their member contributions.

Termination (Vested)

100% of members under age 30 are assumed to elect to receive a refund of their member contributions, thereby forfeiting their County Annuity. See table of sample rates below for members age 30 and over electing to receive a refund of their member contributions.

Age	Rate
30	100.0%
35	83.3%
40	66.7%
45	50.0%
50	33.3%
55	16.7%

Funding Method

Entry Age Normal.

Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

The normal cost accrual rate equals:

- (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
- (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future.

Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Actuarial Asset Method	Investment gains and losses are smoothed over a 5-year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets.
Funding Policy Amortization Method	The UAAL is amortized on a Level Dollar basis over the following periods: • Experience: 15 years. • Assumption / Method Changes: 15 years. • Active Benefit Changes: 20 years. • Retired Benefit Changes: lesser of 5 years and the average length of time since the previous 3 COLA's. • Special Early Retirement Changes: 5 years. • Reset with Negative UAAL: 15 years.
Payroll Growth	None.
Administrative Expenses	Prior year's expenses rounded up to the nearest \$5,000.

GLOSSARY

Accrued Benefit	The benefit earned as of a specific date based on the provisions of the plan and the member's age, service, and salary as of that date.
Actuarial Accrued Liability	The portion of the anticipated future benefits allocated to years prior to the valuation date determined according to the plan's Actuarial Cost Method.
Actuarial Value of Assets	The asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.
Actuarial Assumptions	Assumptions regarding the occurrence of future events affecting plan costs. These assumptions include rates of investment earnings, changes in compensation, rates of mortality, withdrawal, disablement, and retirement as well as statistics related to marriage and family composition.
Actuarial Cost Method	A method of determining the portion of the cost of a plan to be allocated to each year; sometimes referred to as the "actuarial funding method." Each cost method allocates a certain portion of the actuarial present value of benefits between the Actuarial Accrued Liability and future normal costs to ensure the plan is adequately and systematically funded.
Actuarial Gain or Loss	The change in Unfunded Actuarial Accrued Liability resulting from experience different from Actuarial Assumptions. Gains decrease the Unfunded Actuarial Accrued Liability and losses increase the Unfunded Actuarial Accrued Liability.

Actuarial Present Value	The estimated amount of funds required as of a specified date to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments between the specified date and the expected date of payment.
Amortization Payment	The portion of the plan contribution designated to pay interest and reduce the outstanding principal balance of Unfunded Actuarial Accrued Liability. If the amortization payment is less than the accrued interest on the Unfunded Actuarial Accrued Liability the outstanding principal balance will increase.
Decrements	Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.
Funded Ratio	A measure of the ratio of the plan assets to liabilities of the system. Typically, the assets used in the measure are the Actuarial Value of Assets as determined by the asset valuation method. The Funded Ratio depends not only on the financial strength of the plan but also on the asset valuation method used to determine the assets and on the Actuarial Cost Method used to determine the liabilities.
Interest Rate	The assumed long-term rate of return on plan assets.
Market Value of Assets	The fair market value of plan assets as of the valuation date.
Normal Cost	The portion of the Actuarial Present Value of Benefits allocated to the current year determined according to the plan's Actuarial Cost Method.
Present Value of Benefits	The single sum value on the valuation date of all future benefits to be paid to current plan participants.
Projected Annual Payroll	The salary expected for the year after the valuation date, excluding members over the 100% assumed retirement age.

Projected Benefits	The benefits expected to be paid in the future based on the provisions of the plan and the Actuarial Assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.
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Total Annual Payroll	The salary expected for the year after the valuation date.
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Ultimate Cost	The total cost to the plan once the last benefit has been paid. The Ultimate Cost equals Benefit Payments Plus: Expenses Less: Investment Income The Ultimate Cost is independent of the Actuarial Cost Method selected.
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Unfunded Actuarial Accrued Liability	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.
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Vested Benefit	Benefits members are entitled to regardless of employment status.
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DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined under various assumption scenarios. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.
- Contribution Risk: This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's

funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

IMPACT OF PLAN MATURITY ON RISK

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature plans with a substantial inactive liability. Similarly, mature plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 89.4% on January 1, 2023 to 83.4% on January 1, 2026, indicating that the plan has been maturing.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 71.7%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors will need to be made up for over a shorter time horizon than would be needed for a less mature plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has stayed approximately the same from January 1, 2024 to January 1, 2026.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, stayed approximately the same from January 1, 2023 to January 1, 2026. The current Net Cash Flow Ratio of -5.2% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

LOW DEFAULT-RISK OBLIGATION MEASURE

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, including the use of the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.43% resulting in an LDROM of \$213,297,016. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. Given that plan benefits are paid over time through the combination of contributions and investment returns, prudent investments selected by the Board help to balance asset accumulation through these two sources.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	1/1/2026	1/1/2025	1/1/2024	1/1/2023
SUPPORT RATIO				
Total Actives	487	519	520	465
Total Inactives	584	544	531	520
Actives / Inactives	83.4%	95.4%	97.9%	89.4%
ASSET VOLATILITY RATIO				
Market Value of Assets (MVA)	172,495,826	162,324,410	149,974,796	138,890,984
Total Annual Payroll	26,123,305	29,689,683	29,081,175	23,520,669
MVA / Total Annual Payroll	660.3%	546.7%	515.7%	590.5%
ACCRUED LIABILITY (AL) RATIO				
Inactive Accrued Liability	113,577,390	101,969,142	99,817,820	98,634,402
Total Accrued Liability	158,422,708	158,088,977	154,168,074	146,215,943
Inactive AL / Total AL	71.7%	64.5%	64.7%	67.5%
FUNDED RATIO				
Actuarial Value of Assets (AVA)	163,745,431	160,805,578	156,470,530	151,308,114
Total Accrued Liability	158,422,708	158,088,977	154,168,074	146,215,943
AVA / Total Accrued Liability	103.4%	101.7%	101.5%	103.5%
NET CASH FLOW RATIO				
Net Cash Flow ¹	(9,021,716)	(7,371,067)	(6,969,166)	(6,153,094)
Market Value of Assets (MVA)	172,495,826	162,324,410	149,974,796	138,890,984
Ratio	-5.2%	-4.5%	-4.6%	-4.4%

¹ Determined as total contributions minus benefit payments and administrative expenses.

ASSET INFORMATION

STATEMENT OF FIDUCIARY NET POSITION

	Market Value January 1, 2026
ASSETS	
Cash and Cash Equivalents	0
Total Cash and Equivalents	1,910,180
Receivables:	
Accrued Income	120,266
Total Receivable	120,266
Investments:	
Fixed Income - Governmental	11,616,162
Fixed Income - Corporate	2,877,002
Common Stocks	29,206,166
Equity Mutual Funds	56,160,166
International Funds	6,651,982
Real Estate Funds	13,678,218
Private Equity Funds	50,275,686
Total Investments	170,465,382
Other Assets	0
Total Assets	172,495,828
LIABILITIES	
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	172,495,828

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

		Year Ended 1/1/2026
ADDITIONS		
Contributions:		
Member	2,546,505	
Miscellaneous Member Revenue	50,634	
County	642,347	
Total Contributions		3,239,486
Investment Income:		
Miscellaneous Income	(751,864)	
Net Realized Gain (Loss)	8,561,440	
Unrealized Gain (Loss)	9,265,125	
Net Increase in Fair Value of Investments		17,074,701
Interest & Dividends		2,321,300
Less Expenses ¹		(202,869)
Net Investment Income		19,193,132
Total Additions		22,432,618
DEDUCTIONS		
Distributions to Members:		
Benefit Payments	12,158,503	
Refunds	0	
Death Benefits	0	
Total Distributions		12,158,503
Administrative Expenses		102,699
Other		0
Total Deductions		12,261,202
Net Increase in Net Position		10,171,416
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		162,324,410
Adjustment to beginning of year		0
End of the Year		172,495,826

¹ Expenses include investment advisory, custodial and performance monitoring fees

DEVELOPMENT OF ACTUARIAL ASSET VALUATION

	Actuarial Value of Assets
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Actuarial Value of Assets

Market Value of Assets, 1/1/2026	172,495,826
Total Deferred Investment Gains/(Losses)	8,750,395
Preliminary Actuarial Value of Assets, 1/1/2026	163,745,431
1/1/2026 Limited Actuarial Assets, Total	163,745,431

Development of Investment Gain/(Loss)

Market Value of Assets, 12/31/2024	162,324,410
Contributions	3,239,486
Benefit Payments	(12,158,503)
Administrative Expenses	(102,699)
Expected Investment Earnings	11,046,949
Actual Net Investment Earnings	19,193,132
2025 Actuarial Investment Gain/(Loss)	8,146,183

Deferred Investment Gains/(Losses)

Year Ended:	Gain/(Loss)	Percentage	
		Deferred	Deferred Gain/(Loss)
1/1/2026	8,146,183	80%	6,516,946
1/1/2025	9,480,433	60%	5,688,260
1/1/2024	8,574,530	40%	3,429,812
1/1/2023	(34,423,115)	20%	(6,884,623)
1/1/2022	12,795,068	0%	0
Total Deferred Investment Gains/(Losses)			8,750,395

Approximate Rates of Return

Basis	Rate of Return
Actuarial Asset Rate of Return:	7.65%
Market Value of Assets Rate of Return:	12.16%

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - ACTUARIAL ASSET BASIS

		YEAR ENDED 1/1/2026
ADDITIONS		
Contributions:		
Member	2,546,505	
Miscellaneous Member Revenue	50,634	
County	642,347	
Total Contributions		3,239,486
Earnings from Investments		
Interest & Dividends	2,321,300	
Miscellaneous Income	(751,864)	
Net Realized Gain (Loss)	8,561,440	
Change in Actuarial Value	2,033,562	
Total Earnings and Investment Gains		12,164,438
DEDUCTIONS		
Administrative Expenses:		
Investment Related ¹	202,869	
Other	102,699	
Total Administrative Expenses		305,568
Distributions to Members:		
Benefit Payments	12,158,503	
Refunds	0	
Death Benefits	0	
Total Distributions		12,158,503
Change in Net Assets for the Year		2,939,853
Net Assets Beginning of the Year		160,805,578
Net Assets End of the Year		163,745,431
Excess Earnings Reserve		

¹ Investment Related expenses include investment advisory, custodial and performance monitoring fees.

STATISTICAL DATA

	1/1/2026	1/1/2025	1/1/2024	1/1/2023
ACTIVE EMPLOYEES				
Number	487	519	520	465
Average Current Age	43.2	43.7	43.8	N/A
Average Age at Employment	35.5	35.4	35.5	N/A
Average Past Service	7.7	8.3	8.3	N/A
Average Annual Salary	\$53,641	\$57,206	\$55,925	N/A
SERVICE RETIREES				
Number	436	414	406	404
Average Current Age	70.7	70.7	70.7	N/A
Average Annual Benefit	\$22,624	\$21,938	\$21,978	N/A
BENEFICIARIES				
Number	29	27	25	24
Average Current Age	74.9	75.2	73.6	N/A
Average Annual Benefit	\$13,727	\$14,362	\$14,693	N/A
DISABILITY RETIREES				
Number	1	1	1	1
Average Current Age	63.7	62.7	61.7	N/A
Average Annual Benefit	\$13,730	\$13,730	\$13,730	N/A
TERMINATED				
Number Due Refund Only	7	3	8	10
Number Due Benefit (Vested)	118	99	91	81
Average Current Age	49.4	47.9	48.8	N/A
Average Annual Benefit ¹	\$7,826	\$6,858	\$6,771	N/A

¹ Average Annual Benefit for Terminated Vested members reflects the benefit for members entitled to a future annual benefit from the plan.

AGE AND SERVICE DISTRIBUTION

ACTIVE EMPLOYEES

AGE	PAST SERVICE											Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	
15 - 19	4	0	0	0	0	0	0	0	0	0	0	4
20 - 24	25	5	3	1	0	0	0	0	0	0	0	34
25 - 29	19	9	11	6	1	4	0	0	0	0	0	50
30 - 34	10	7	7	10	3	11	1	0	0	0	0	49
35 - 39	14	4	9	8	5	12	12	9	0	0	0	73
40 - 44	13	4	3	1	4	6	6	14	2	0	0	53
45 - 49	5	1	3	4	3	3	12	7	7	4	0	49
50 - 54	3	5	8	0	5	15	4	11	10	8	2	71
55 - 59	6	4	7	4	1	7	5	4	3	3	3	47
60 - 64	3	2	5	2	3	6	7	5	3	0	1	37
65+	3	0	3	3	1	4	2	2	1	1	0	20
Total	105	41	59	39	26	68	49	52	26	16	6	487

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 1/1/2025	519
b. Terminations	
i. Vested (partial or full) with deferred benefits	(22)
ii. Non-vested due refund of contributions	(6)
iii. Non-vested or paid refund of contributions	(81)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(29)
f. Continuing participants	381
g. New entrants	106
h. Total active life participants in valuation	487

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	Receiving Death Benefits	Receiving Disability Benefits	Non-Vested Due Refund	Vested Deferred	Total
a. Number prior valuation	414	27	1	3	99	544
Retired	32	0	0	0	(2)	30
Vested Deferred	(1)	0	0	0	22	21
Non-Vested Due Refund	0	0	0	6	0	6
Death, With Survivor	(1)	1	0	0	0	0
Death, No Survivor	(10)	(1)	0	0	0	(11)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	(2)	0	(2)
Rehires	0	0	0	0	(1)	(1)
Expired Annuities	0	0	0	0	0	0
Data Corrections	2	2	0	0	0	4
Hired/Termed in Same Year	0	0	0	0	0	0
b. Number current valuation	436	29	1	7	118	591

PLAN PROVISIONS

Membership	An employee enters the plan on the day he becomes a full-time employee of the County.
Credited Service	Years, months, and days of full-time service.
Final Average Salary	Average compensation received for the highest 3 years in the employment of the County. In the event the member has less than 3 years of Credited Service, total compensation received divided by Credited Service.

Normal Retirement Date

Earlier of age 55 and 20 years of Credited Service, and age 60 regardless of Credited Service.

Benefit

Sum of the County Annuity and Member Annuity.

County Annuity: Percentage of Final Average Salary times Credited Service. The percentage is outlined below.

Class	Percentage	Effective Date
1/100	1.000%	1/1/1950
1/80	1.250%	1/1/1968
1/70	1.429%	1/1/1983

Member Annuity: Annuitized member contribution with interest.

Form of Benefit

No Option: Member receives their County Annuity plus Member Annuity for life. Upon death, if the total payments received (not considering COLAs) are less than accumulated member contributions, the balance of accumulated member contributions shall be paid to a beneficiary.

Option One: Member receives their County Annuity plus Member Annuity for life. Upon death, if the total payments received (not considering COLAs) are less than accumulated member contributions plus present value of County Annuity, the balance of accumulated member contributions plus present value of County Annuity shall be paid to a beneficiary.

Option Two: Member receives their County Annuity plus Member Annuity for life with 100% of the amount at retirement continued to a beneficiary. Upon death, if the total payments received (not

considering COLAs) are less than accumulated member contributions, the balance of accumulated member contributions shall be paid to a beneficiary.

Option Three: Member receives their County Annuity plus Member Annuity for life with 50% of the amount at retirement continued to a beneficiary. Upon death, if the total payments received (not considering COLAs) are less than accumulated member contributions, the balance of accumulated member contributions shall be paid to a beneficiary.

Option Four: Member receives a refund of their accumulated member contributions. The County Annuity is then paid in accordance with any of the previous options.

Early Retirement Date	Voluntary: 20 years of Credited Service regardless of age. Involuntary: 8 years of Credited Service regardless of age.
Benefit	Same as Normal Retirement, with an actuarial reduction applied to the County Annuity.
Form of Benefit	Same as Normal Retirement.

Disability Benefit Eligibility	5 years of Credited Service.
Benefit Amount	25% of Final Average Salary, which includes the Member Annuity.

Pre-Retirement Death Benefit	If a member dies after the earlier of age 60 or completion of 10 years of service, the beneficiary will receive a lump sum payment equal to the accumulated member contributions, plus the present value of the County Annuity at the time of death. Members may elect instead to have any death benefits paid to a designated beneficiary as a lifetime annuity. If a member dies and is not eligible for a monthly death benefit described above, the beneficiary will receive a refund of their accumulated member contributions.
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Vesting (Termination) Vesting Service Requirement	5 years of Credited Service.
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Non-Vested Benefit

Refund of Member Contributions.

Vested Benefit

Either the termination benefit, payable upon reaching age 60 (55 if more than 20 years of Credited Service), provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is calculated as for Normal Retirement.

Cost-of-Living Adjustment

Cost-of-living adjustments (COLAs) shall be reviewed at least once in every three years by the Retirement Board. Recent history of COLAs are as follows:

Effective Date	Percent Change in CPI	Effective Date	Percent Change in CPI
1/1/1998	80%	1/1/2012	80%
1/1/1999	80%	1/1/2013	80%
1/1/2000	80%	1/1/2014	80%
1/1/2001	80%	1/1/2015	80%
1/1/2002	80%	1/1/2016	No Increase
1/1/2003	80%	1/1/2017	No Increase
1/1/2004	80%	1/1/2018	Flat 2% Inc.
1/1/2005	80%	1/1/2019	Flat 2% Inc.
1/1/2006	80%	1/1/2020	Flat 2% Inc.
1/1/2007	80%	1/1/2021	Flat 2% Inc.
1/1/2008	80%	1/1/2022	Flat 2% Inc.
1/1/2009	80%	1/1/2023	Flat 2% Inc.
1/1/2010	No Increase	1/1/2024	No Increase
1/1/2011	80%	1/1/2025	No Increase

Contributions Member

Pick-up Contributions: Mandatory 8% of pre-tax compensation.

Voluntary Contributions: Up to 10% of after-tax compensation.

Both Pick-up and Voluntary contributions receive annual interest at a rate specified by the Retirement Board. The rate is limited to between 4.0% and 5.5% per year.