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# Sussex County Employee Pension Plan
# GASB 67/68 Report
# as of June 30, 2026
# Measurement Date

**Produced by Cheiron**

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www.cheiron.us 1.877.CHEIRON (243.4766)

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# SECTION I — EXECUTIVE SUMMARY

The purpose of this report is to provide accounting and financial disclosure information under Governmental Accounting Standards Board Statements 67 and 68 (GASB 67 and 68) for the Sussex County Employee Pension Plan (the Plan) and Sussex County (the County).

This information within this report includes:

- Calculation of the Net Pension Liability at the discount rate as well as discount rates 1% higher and lower than the discount rate,
- Changes in the Net Pension Liability,
- Schedule of Employer Contributions,
- Disclosure of Deferred Inflows and Outflows, and
- Calculation of the Annual Pension Expense for the County.

## Highlights

The measurement date for the Plan is June 30, 2026. This measurement date is used for the Plan's GASB 67 reporting and the County's GASB 68 reporting as of June 30, 2026. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2026 and the Total Pension Liability as of the valuation date, also June 30, 2026.

The table below provides a summary of the key results as of the current June 30, 2026 measurement date as well as the immediately preceding measurement date.

**Table I-1**
**Summary of Results**

| | Measurement Date | |
|---|---|---|
| | 6/30/2026 | 6/30/2025 |
| Net Pension Liability | ($15,703,462) | ($1,556,762) |
| Deferred Outflows | (10,720,214) | (13,037,246) |
| Deferred Inflows | 20,489,802 | 8,394,148 |
| Net Impact on Statement of Net Position | ($5,933,874) | ($6,199,860) |
| Pension Expense ($ Amount) | $5,859,609 | $3,724,980 |
| Pension Expense (% of Payroll) | 15.14% | 10.06% |

Under GASB 68, the County recognized a Net Pension Liability of negative $1,556,762 as of the fiscal year ending June 30, 2025. As of the fiscal year ending June 30, 2026, the County will report a Net Pension Liability of negative $15,703,462, Deferred Outflows of Resources of $10,720,214, and Deferred Inflows of Resources of $20,489,802 related to the Plan. Consequently, the net impact on the County's Statement of Net Position would be negative $5,933,874 at the end of the reporting year.

## SECTION I — EXECUTIVE SUMMARY

For the measurement year ending June 30, 2026, the annual pension expense is $5,859,609 or 15.14% of covered payroll. This amount is not equal to the employer's contributions to the Plan, but instead represents the change in the net impact on the County's Statement of Net Position plus employer contributions. A breakdown of the components of the net pension expense is shown in section VII of this report.

# SECTION II — CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Sussex County Employee Pension Plan (the Plan) and under GASB 68 for Sussex County (the County). This report is for the use of the Sussex County Employee Pension Plan, Sussex County, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

In preparing our report, we relied on information, some oral and some written, supplied by the Plan. This information includes, but is not limited to, the plan provisions, membership data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23, Data Quality.

The membership data, actuarial assumptions and plan provisions are the same as were described in the July 1, 2026 Actuarial Valuation Report.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this report.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

## SECTION II — CERTIFICATION

This report was prepared for the purposes described herein and for the use by the Plan and County auditors in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.



Janet Cranna, FSA, EA, FCA, MAAA
Principal Consulting Actuary



Brett Warren, FSA, EA, CERA, MAAA
Principal Consulting Actuary

# SECTION III — DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability (TPL) was 6.75%.

In developing the projection of cash flows used to determine the discount rate, we have assumed that employer contributions to the Plan will continue to follow the written contribution policy. The total employer contribution rate is the sum of the normal cost rate plus an amortization of the Plan's unfunded actuarial liability (UAL) plus a provision for expenses. The normal cost rate is determined under the entry age actuarial cost method while the UAL rate is computed as the amount necessary to pay down the UAL in accordance with the County's amortization method (20-year layered amortization with level dollar payments). We also assumed that member contributions will continue to be made at the rates specified in the Plan.

The projections used for the depletion test are based on our propriety model P-Scan developed by our firm that utilize the results shown in our actuarial valuation report as of July 1, 2026. The projections assume continuation of the Plan provisions and actuarial assumptions in effect as of the valuation date and do not reflect the impact of any changes in benefits or actuarial assumptions that may be adopted after the valuation date. While the assumptions individually are reasonable for the underlying valuation that supports the projections, specifically for projection purposes, they are also considered reasonable in the aggregate.

Based on these assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current members following the procedures described in paragraphs 39-45 of GASB 67. Consequently, the single equivalent rate used to determine the Total Pension Liability as of June 30, 2026 is 6.75%, the long-term expected rate-of-return as defined by GASB 67 and 68 as of that date.

# SECTION IV — TOTAL PENSION LIABILITY SENSITIVITY

The table below shows the Total Pension Liability (TPL) amounts at discount rates equal to the rate used for measuring the TPL at the June 30, 2026 measurement date as well as plus and minus one percent from that rate.

**Table IV-1**
**Total Pension Liability**

| Discount Rate | 5.75% | 6.75% | 7.75% |
|---|---|---|---|
| **Valuation Total Pension Liability, 6/30/2026** | | | |
| Actives | $113,907,254 | $97,342,532 | $83,854,753 |
| Deferred Vested | 10,051,254 | 8,409,035 | 7,115,959 |
| Retirees | 92,767,990 | 84,991,127 | 78,323,808 |
| **Total** | **$216,726,498** | **$190,742,694** | **$169,294,520** |

Net Pension Liability (NPL) sensitivity disclosures required under GASB 67 and 68 are developed based on this information in Table V-2 in section V of this report.

# SECTION V — NOTE DISCLOSURES

The table below shows the changes in the Total Pension Liability (TPL), the Plan Fiduciary Net Position (i.e., fair value of Plan assets) (FNP), and the Net Pension Liability (NPL) during the Measurement Year ending on June 30, 2026.

**Table V-1**
**Change in Net Pension Liability**

| | Increase (Decrease) | | |
|---|---|---|---|
| | **Total Pension Liability (a)** | **Plan Fiduciary Net Position (b)** | **Net Pension Liability (a) - (b)** |
| **Balances at 6/30/2025** | $179,583,169 | $181,139,931 | ($1,556,762) |
| **Changes for the year:** | | | |
| Service cost | 4,634,578 | | 4,634,578 |
| Interest | 12,188,399 | | 12,188,399 |
| Changes of benefits | 0 | | 0 |
| Differences between expected and actual experience | 1,755,437 | | 1,755,437 |
| Changes of assumptions | 0 | | 0 |
| Contributions - employer | | 5,593,623 | (5,593,623) |
| Contributions - member | | 753,687 | (753,687) |
| Net investment income | | 26,611,202 | (26,611,202) |
| Benefit payments | (7,418,889) | (7,418,889) | 0 |
| Administrative expense | | (233,398) | 233,398 |
| **Net changes** | $11,159,525 | $25,306,225 | ($14,146,700) |
| **Balances at 6/30/2026** | $190,742,694 | $206,446,156 | ($15,703,462) |

There were no changes in benefits or assumptions during the year.

During the measurement year, the NPL decreased by approximately $14.15 million in total. The service cost and interest cost increased the NPL by approximately $16.82 million and member contributions, employer contributions, and investment gains offset by administrative expenses decreased the NPL by approximately $32.73 million. Additionally, there were actuarial experience losses during the year of approximately $1.76 million.

## SECTION V — NOTE DISCLOSURES

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate.

**Table V-2**
**Sensitivity of Net Pension Liability to Changes in Discount Rate**

| | 1% Decrease 5.75% | Discount Rate 6.75% | 1% Increase 7.75% |
|---|---|---|---|
| Total Pension Liability | $216,726,498 | $190,742,694 | $169,294,520 |
| Plan Fiduciary Net Position | 206,446,156 | 206,446,156 | 206,446,156 |
| Net Pension Liability | $10,280,342 | ($15,703,462) | ($37,151,636) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 95.3% | 108.2% | 121.9% |

A one percent decrease in the discount rate increases the TPL by approximately 13.6% and increases the NPL by approximately 165.5%. A one percent increase in the discount rate decreases the TPL by approximately 11.2% and decreases the NPL by approximately 136.6%.

# SECTION VI — REQUIRED SUPPLEMENTARY INFORMATION

The schedules of Required Supplementary Information show the last ten years of information.

The schedule below shows the changes in NPL and related ratios required by GASB.

**Table VI-1**
**Schedule of Changes in Net Pension Liability and Related Ratios**

| | FYE 2026 | FYE 2025 | FYE 2024 | FYE 2023 | FYE 2022 |
|---|---|---|---|---|---|
| **Total Pension Liability (TPL)** | | | | | |
| Service cost | $4,634,578 | $4,068,640 | $3,756,517 | $3,571,368 | $2,889,714 |
| Interest | 12,188,399 | 11,061,058 | 10,315,190 | 9,732,972 | 8,954,565 |
| Changes of benefit terms | 0 | 0 | 0 | 0 | 0 |
| Differences between expected and actual experience | 1,755,437 | 2,466,895 | 3,391,022 | 1,423,233 | 5,325,009 |
| Changes of assumptions | 0 | 5,752,936 | 0 | 0 | 4,320,273 |
| Benefit payments | (7,418,889) | (7,015,939) | (6,443,325) | (6,136,229) | (5,670,848) |
| **Net change in TPL** | $11,159,525 | $16,333,590 | $11,019,404 | $8,591,344 | $15,818,713 |
| **TPL - beginning** | 179,583,169 | 163,249,579 | 152,230,175 | 143,638,831 | 127,820,118 |
| **TPL - ending** | $190,742,694 | $179,583,169 | $163,249,579 | $152,230,175 | $143,638,831 |
| | | | | | |
| **Plan Fiduciary Net Position (FNP)** | | | | | |
| Contributions - employer | $5,593,623 | $4,688,420 | $4,568,242 | $3,703,694 | $3,776,535 |
| Contributions - member | 753,687 | 654,343 | 538,465 | 447,964 | 324,090 |
| Net investment income | 26,611,202 | 18,634,535 | 18,980,674 | 12,837,733 | (12,804,970) |
| Benefit payments | (7,418,889) | (7,015,939) | (6,443,325) | (6,136,229) | (5,670,848) |
| Administrative expense | (233,398) | (213,933) | (197,537) | (181,929) | (190,179) |
| **Net change in plan FNP** | $25,306,225 | $16,747,426 | $17,446,519 | $10,671,233 | ($14,565,372) |
| **Plan FNP - beginning** | 181,139,931 | 164,392,505 | 146,945,986 | 136,274,753 | 150,840,125 |
| **Plan FNP - ending** | $206,446,156 | $181,139,931 | $164,392,505 | $146,945,986 | $136,274,753 |
| **Net Pension Liability - ending** | ($15,703,462) | ($1,556,762) | ($1,142,926) | $5,284,189 | $7,364,078 |
| **Plan FNP as a percentage of the TPL** | 108.2% | 100.9% | 100.7% | 96.5% | 94.9% |
| **Covered payroll** | $38,702,344 | $37,024,408 | $34,921,960 | $32,019,688 | $30,753,827 |
| **Net Pension Liability as a percentage of covered payroll** | -40.6% | -4.2% | -3.3% | 16.5% | 23.9% |

## SECTION VI — REQUIRED SUPPLEMENTARY INFORMATION

### Table VI-1 (Cont.)
### Schedule of Changes in Net Pension Liability and Related Ratio

| | FYE 2021 | FYE 2020 | FYE 2019 | FYE 2018 | FYE 2017 |
|---|---|---|---|---|---|
| **Total Pension Liability (TPL)** | | | | | |
| Service cost | $2,824,325 | $2,714,022 | $2,271,361 | $2,142,142 | $1,885,125 |
| Interest | 8,545,756 | 8,066,691 | 8,037,883 | 7,593,994 | 7,078,272 |
| Changes of benefit terms | 0 | 0 | 0 | 0 | 1,259,679 |
| Differences between expected and actual experience | (132,847) | 994,019 | (529,784) | 551,937 | 651,103 |
| Changes of assumptions | 0 | 0 | (1,231,792) | 0 | 3,251,143 |
| Benefit payments | (5,261,057) | (4,828,741) | (4,414,193) | (4,179,270) | (3,853,298) |
| **Net change in TPL** | $5,976,177 | $6,945,991 | $4,133,475 | $6,108,803 | $10,272,024 |
| **TPL - beginning** | 121,843,941 | 114,897,950 | 110,764,475 | 104,655,672 | 94,383,648 |
| **TPL - ending** | $127,820,118 | $121,843,941 | $114,897,950 | $110,764,475 | $104,655,672 |
| **Plan Fiduciary Net Position (FNP)** | | | | | |
| Contributions - employer | $4,997,516 | $9,779,296 | $14,462,910 | $9,274,076 | $3,835,851 |
| Contributions - member | 251,807 | 211,354 | 172,315 | 134,150 | 86,279 |
| Net investment income | 30,573,598 | 3,784,895 | 6,771,191 | 6,888,854 | 8,829,624 |
| Benefit payments | (5,261,057) | (4,828,741) | (4,414,193) | (4,179,270) | (3,853,298) |
| Administrative expense | (180,974) | (138,230) | (110,423) | (108,527) | (101,597) |
| Net change in plan FNP | $30,380,890 | $8,808,574 | $16,881,800 | $12,009,283 | $8,796,859 |
| Plan FNP - beginning | 120,459,235 | 111,650,661 | 94,768,861 | 82,759,578 | 73,962,719 |
| Plan FNP - ending | $150,840,125 | $120,459,235 | $111,650,661 | $94,768,861 | $82,759,578 |
| **Net Pension Liability - ending** | ($23,020,007) | $1,384,706 | $3,247,289 | $15,995,614 | $21,896,094 |
| **Plan FNP as a percentage of the TPL** | 118.0% | 98.9% | 97.2% | 85.6% | 79.1% |
| **Covered payroll** | $26,440,763 | $25,943,699 | $25,270,591 | $23,910,625 | $22,642,273 |
| **Net Pension Liability as a percentage of covered payroll** | -87.1% | 5.3% | 12.9% | 66.9% | 96.7% |

## SECTION VI — REQUIRED SUPPLEMENTARY INFORMATION

If an Actuarially Determined Contribution (ADC) is calculated, the following schedule is required. An ADC is a contribution amount determined in accordance with Actuarial Standards of Practice.

### Table VI-2
### Schedule of Employer Contributions

| | FYE 2026 | FYE 2025 | FYE 2024 | FYE 2023 | FYE 2022 |
|---|---|---|---|---|---|
| Actuarially Determined Contribution | $4,697,761 | $4,062,839 | $3,689,980 | $3,348,310 | $1,947,448 |
| Contributions in Relation to the Actuarially Determined Contribution | 5,593,623 | 4,688,420 | 4,568,242 | 3,703,694 | 3,776,535 |
| Contribution Deficiency/(Excess) | ($895,862) | ($625,581) | ($878,262) | ($355,384) | ($1,829,087) |
| Covered Payroll | $38,702,344 | $37,024,408 | $34,921,960 | $32,019,688 | $30,753,827 |
| Contributions as a Percentage of Covered Payroll | 14.45% | 12.66% | 13.08% | 11.57% | 12.28% |

| | FYE 2021 | FYE 2020 | FYE 2019 | FYE 2018 | FYE 2017 |
|---|---|---|---|---|---|
| Actuarially Determined Contribution | $2,720,386 | $2,960,567 | $3,794,161 | $4,111,811 | $3,391,726 |
| Contributions in Relation to the Actuarially Determined Contribution | 4,997,516 | 9,779,296 | 14,462,910 | 9,274,076 | 3,835,851 |
| Contribution Deficiency/(Excess) | ($2,277,130) | ($6,818,729) | ($10,668,749) | ($5,162,265) | ($444,125) |
| Covered Payroll | $26,440,763 | $25,943,699 | $25,270,591 | $23,910,625 | $22,642,273 |
| Contributions as a Percentage of Covered Payroll | 18.90% | 37.69% | 57.23% | 38.79% | 16.94% |

## SECTION VI — REQUIRED SUPPLEMENTARY INFORMATION

The notes below summarize the key methods and assumptions used to determine the ADC for FYE 2026.

**Notes to Schedule**

Valuation Date: July 1, 2025

Timing: Actuarially determined contributions are calculated based on the actuarial valuation at the beginning of the fiscal year

**Key Methods and Assumptions Used to Determine Contribution Rates**

Actuarial Cost Method: Entry Age Normal Cost Method

Asset Valuation Method: 5-year smoothed market

Amortization Method: Closed 20-year level dollar amortization of unfunded liability as of July 1, 2025 with subsequent changes amortized over new 20-year periods

Discount Rate: 6.75%

Inflation: 2.50%

Salary Increases: From 4.0% to 5.5% based on service

Mortality: Pub-2010 General Mortality Table projected generationally using Scale MP-2021

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2026 can be found in the July 1, 2025 actuarial valuation report.

# SECTION VII — EMPLOYER REPORTING AMOUNTS

The schedules in this section will be used by Sussex County for its reporting date of June 30, 2026.

The impact of experience gains or losses and assumption changes on the TPL are recognized in expense over the average expected remaining service life of all active and inactive members of the Plan. As of the beginning of the measurement period, this recognition period was six years. In addition, the impact of investment gains or losses is recognized over a period of five years.

The table below summarizes the balances of deferred outflows and deferred inflows of resources related to the Plan as of the June 30, 2026 measurement date along with the net recognition over the next five years and the total recognition thereafter, if any, of these amounts.

**Table VII-1**
**Schedule of Deferred Inflows and Outflows of Resources**

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $6,164,881 | $0 |
| Changes in assumptions | 4,555,333 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 20,489,802 |
| **Total** | **$10,720,214** | **$20,489,802** |

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

| Measurement year ended June 30: | |
|---|---|
| 2027 | ($2,897,962) |
| 2028 | (3,763,288) |
| 2029 | (2,177,938) |
| 2030 | (1,222,972) |
| 2031 | 292,572 |
| Thereafter | $0 |

The annual pension expense recognized by the County can be calculated two different ways. First, it is the change in the amounts reported on the County's Statement of Net Position that relate to the Plan and are not attributable to employer contributions. That is, it is the change in NPL minus the change in deferred outflows plus the change in deferred inflows plus County's contributions during the year.

## SECTION VII — EMPLOYER REPORTING AMOUNTS

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table below, we believe it helps to understand the level and volatility of pension expense.

The table below shows the development of pension expense for the County through both of these methodologies.

**Table VII-2**
**Calculation of Pension Expense**

| | Measurement Year Ending 2026 | 2025 |
|---|---|---|
| Change in Net Pension Liability | ($14,146,700) | ($413,836) |
| Change in Deferred Outflows | 2,317,032 | (4,274,266) |
| Change in Deferred Inflows | 12,095,654 | 3,724,662 |
| Employer Contributions | 5,593,623 | 4,688,420 |
| **Pension Expense** | **$5,859,609** | **$3,724,980** |
| **Pension Expense as % of Payroll** | **15.14%** | **10.06%** |
| **Operating Expenses** | | |
| Service cost | $4,634,578 | $4,068,640 |
| Employee contributions | (753,687) | (654,343) |
| Administrative expenses | 233,398 | 213,933 |
| Total Operating Expenses | $4,114,289 | $3,628,230 |
| **Financing Expenses** | | |
| Interest cost | $12,188,399 | $11,061,058 |
| Expected return on assets | (12,183,622) | (11,033,844) |
| Total Financing Expenses | $4,777 | $27,214 |
| **Changes** | | |
| Benefit changes | $0 | $0 |
| Recognition of assumption changes | 1,678,869 | 1,678,869 |
| Recognition of liability gains and losses | 2,371,458 | 2,244,555 |
| Recognition of investment gains and losses | (2,309,784) | (3,853,888) |
| Total Changes | $1,740,543 | $69,536 |
| **Pension Expense** | **$5,859,609** | **$3,724,980** |

First, there are components referred to as operating expenses. These are items directly attributable to the operation of the Plan during the measurement year. Service Cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating the Plan for the year.

## SECTION VII — EMPLOYER REPORTING AMOUNTS

Second, there are the financing expenses: the interest on the Total Pension Liability less the expected return on assets.

The final category is changes. This category will drive most of the volatility in pension expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses.

Finally, the table below shows the amortization schedule for the deferred outflows and deferred inflows of resources for the County.

**Table VII-3**
**Calculation of Deferred Items Schedule**

| Experience Year | Recognition Period | Total Amount | Remaining Years | Recognized in Pension Expense | Deferred Resources |
|---|---|---|---|---|---|
| **Recognition of Experience (Gains) and Losses** | | | | | |
| 2026 | 6 | $ 1,755,437 | 5 | $ 292,573 | $ 1,462,864 |
| 2025 | 6 | 2,466,895 | 4 | 411,149 | 1,644,597 |
| 2024 | 6 | 3,391,022 | 3 | 565,170 | 1,695,512 |
| 2023 | 6 | 1,423,233 | 2 | 237,206 | 474,409 |
| 2022 | 6 | 5,325,009 | 1 | 887,502 | 887,499 |
| 2021 | 6 | (132,847) | 0 | (22,142) | 0 |
| **Total** | | **$ 14,228,749** | | **$ 2,371,458** | **$ 6,164,881** |
| **Recognition of Assumption Changes** | | | | | |
| 2025 | 6 | $ 5,752,936 | 4 | $ 958,823 | $ 3,835,290 |
| 2022 | 6 | 4,320,273 | 1 | 720,046 | 720,043 |
| **Total** | | **$ 10,073,209** | | **$ 1,678,869** | **$ 4,555,333** |
| **Recognition of Investment (Gains) and Losses** | | | | | |
| 2026 | 5 | $(14,427,580) | 4 | $ (2,885,516) | $(11,542,064) |
| 2025 | 5 | (7,600,691) | 3 | (1,520,138) | (4,560,415) |
| 2024 | 5 | (9,112,752) | 2 | (1,822,550) | (3,645,102) |
| 2023 | 5 | (3,711,113) | 1 | (742,223) | (742,221) |
| 2022 | 5 | 23,303,207 | 0 | 4,660,643 | 0 |
| **Total** | | **$(11,548,929)** | | **$ (2,309,784)** | **$(20,489,802)** |

# APPENDIX A — GLOSSARY OF TERMS

## Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

## Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

## Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

## Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

## Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

## Measurement Date

The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the Plan.

# APPENDIX A — GLOSSARY OF TERMS

## Net Pension Liability

The liability of employers and nonemployer contributing entities for employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position.

## Plan Fiduciary Net Position

The fair or market value of assets.

## Reporting Date

The last day of the plan or employer's fiscal year.

## Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 67 and 68. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

## Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the actuarial liability calculated under the entry age actuarial cost method. This measurement generally is not appropriate for estimating the cost to settle the Plan's liabilities.