

Central County Transportation Authority Pension Plan

GASB Statements Nos. 67 and 68 Accounting and
Financial Reporting for Pensions

Measurement Date – December 31, 2025

Reporting Date – September 30, 2026





April 7, 2026

Mr. Sean McBride
Executive Director
Central County Transportation Authority
530 North Rose Street
Kalamazoo, Michigan 49007-3638

Dear Mr. McBride:

This report provides accounting and financial reporting information that is intended to comply with the Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 for the Central County Transportation Authority Pension Plan (CCTA). These calculations have been made on a basis that is consistent with our understanding of these Statements and the classification of the Plan as a single employer. These results are subject to review by the Plan's auditor and may be revised.

GASB Statement No. 67 is the accounting standard that applies to the stand-alone financial reports issued by retirement systems. GASB Statement No. 68 establishes accounting and financial reporting for state and local government employers who provide their employees (including former employees) pension benefits through a trust.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of providing reporting and disclosure information that satisfies the requirements of GASB Statement Nos. 67 and 68. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of Plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement Nos. 67 and 68 may produce significantly different results. This report may be provided to parties other than the Central County Transportation Authority Pension Plan only in its entirety and only with the permission of the Plan. GRS is not responsible for unauthorized use of this report.

This report is based upon information, furnished to us by the Plan Administrator, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. This information was checked for internal consistency, but it was not audited. GRS is not responsible for the accuracy and completeness of the information provided by the Plan Administrator.

This report complements the actuarial valuation report provided to the Central County Transportation Authority Pension Plan for funding purposes and should be considered in conjunction with that report. Please see the actuarial valuation report for the Plan as of December 31, 2024 for additional discussion of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

Mr. Sean McBride

April 7, 2026

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To the best of our knowledge, the information contained within this report is accurate and fairly represents the actuarial position of the Central County Transportation Authority Pension Plan. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, have the capability to provide results that are consistent with the purposes of the valuation and have no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Section G of the report details the calculation of the single discount rate and is not required to be included in your financial statements. However, this information may be requested by your auditors; therefore, we have included it in this report.

In addition, Section H of this report contains some of the information necessary to complete the Pension reporting requirements for the State of Michigan's Local Government Retirement System Annual Report (Form 5572). This information is not required to be included in your financial statements.

The signing actuaries are independent of the plan sponsor.

James D. Anderson and Michael D. Kosciuk are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



James D. Anderson, FSA, EA, FCA, MAAA



Michael D. Kosciuk, FSA, EA, FCA, MAAA

JDA/MDK:dj

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SECTION A

EXECUTIVE SUMMARY

Executive Summary as of December 31, 2025

	2026
Actuarial Valuation Date	December 31, 2024
Measurement Date of the Net Pension Liability	December 31, 2025
Employer's Fiscal Year Ending Date (Reporting Date)	September 30, 2026

Membership

Number of ¹	
- Retirees and Beneficiaries	80
- Inactive, Nonretired Members	11
- Active Members	115
- Total	206
Covered-employee Payroll ²	\$ 7,588,638

Net Pension Liability

Total Pension Liability	\$ 38,340,905
Plan Fiduciary Net Position	44,824,799
Net Pension Liability	\$ (6,483,894)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	116.91%
Net Pension Liability as a Percentage of Covered-employee Payroll ²	(85.44)%

Development of the Single Discount Rate

Single Discount Rate	7.00%
Long-Term Expected Rate of Investment Return	7.00%
Long-Term Municipal Bond Rate ³	4.83%
Last year ending December 31 in the 2026 to 2125 projection period for which projected benefit payments are fully funded	2125

Total Pension Expense \$ 556,921

Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,481,391	\$ 55,435
Changes in assumptions	534,552	-
Net difference between projected and actual earnings on pension plan investments	1,522,772	5,216,538
Total	\$ 3,538,715	\$ 5,271,973

¹ Membership counts are as of the actuarial valuation date.

² Reflects payroll as of the actuarial valuation date that is one year prior to the measurement date. This payroll may differ from the GASB Statement No. 68 definition of covered-employee payroll.

³ Source: "20-Bond GO Index" is The Bond Buyer Index, general obligation, 20 years to maturity, mixed quality. In describing this index, The Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Services's Aa2 rating and Standard & Poor's Corp.'s AA. The rate shown is as of December 31, 2025, the most recent date available on or before the measurement date.



Discussion

Accounting Standard

For pension plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach for measuring the pension liability. Similarly, GASB Statement No. 68 establishes standards for state and local government employers (as well as non-employer contributing entities) to account for and disclose the net pension liability, pension expense, and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain information, such as notes regarding accounting policies and investments, is not included in this report and the retirement plan and/or plan sponsor will be responsible for preparing and disclosing that information to comply with these accounting standards.

Financial Statements

GASB Statement No. 68 requires state or local governments to recognize the net pension liability and the pension expense on their financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Paragraph 57 of GASB Statement No. 68 states, "Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions." The information contained in this report does not incorporate any contributions made to the Plan subsequent to the measurement date of December 31, 2025.

The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience.

Pension plans that prepare their own, stand-alone financial statements are required to present two financial statements – a statement of fiduciary net position and a statement of changes in fiduciary net position in accordance with GASB Statement No. 67. The *statement of fiduciary net position* presents the assets and liabilities of the pension plan at the end of the pension plan's reporting period. The *statement of changes in fiduciary net position* presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expenses, and net increase or decrease in the fiduciary net position.



Notes to Financial Statements

GASB Statement No. 68 requires the notes of the employer's financial statements to disclose the total pension expense, the pension plan's liabilities and assets, and deferred outflows and inflows of resources related to pensions.

GASB Statement Nos. 67 and 68 require the notes of the financial statements for the employers and pension plans to include certain additional information. The list of disclosure items should include:

- A description of benefits provided by the plan;
- The type of employees and number of members covered by the pension plan;
- A description of the plan's funding policy, which includes member and employer contribution requirements;
- The pension plan's investment policies;
- The pension plan's fiduciary net position, the net pension liability, and the pension plan's fiduciary net position as a percentage of the total pension liability;
- The net pension liability using a discount rate that is 1% higher and 1% lower than used to calculate the total pension liability and net pension liability for financial reporting purposes;
- Significant assumptions and methods used to calculate the total pension liability;
- Inputs to the discount rates; and
- Certain information about mortality assumptions and the dates of experience studies.

Retirement systems that issue stand-alone financial statements are required to disclose additional information in accordance with GASB Statement No. 67. This information includes:

- The composition of the pension plan's Board and the authority under which benefit terms may be amended;
- A description of how fair value is determined;
- Information regarding certain reserves and investments, which include concentrations of investments greater than or equal to 5%, receivables, and insurance contracts excluded from plan assets; and
- Annual money-weighted rate of return.

Required Supplementary Information

GASB Statement No. 67 requires a 10-year fiscal history of:

- Sources of changes in the net pension liability;
- Information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll; and
- A comparison of the actual employer contributions to the actuarially determined contributions based on the plan's funding policy.



General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.00% on the actuarial value of assets), then the following outcomes are expected:

1. The employer normal cost as a percentage of pay is expected to remain level as a percentage of payroll.
2. The overfunding credit will be used up over a period of years.
3. The funded status of the plan is expected to decrease gradually towards a 100% funded ratio.

This funding policy results in an expected crossover date in 2125 and a GASB single discount rate of 7.00%.

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. The net pension liability and pension expense should be measured as of the pension plan's fiscal year end (measurement date) on a date that is within the employer's prior fiscal year. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total pension liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total pension liability shown in this report is based on an actuarial valuation performed as of December 31, 2024 and a measurement date of December 31, 2025.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits); and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 4.83% (based on the weekly rate closest to but not later than the measurement date of the "20-Bond GO Index" from The Bond Buyer Index); and the resulting Single Discount Rate is 7.00%.

Actuarial Assumptions

The actuarial assumptions used to value the liabilities are outlined in detail in Section F. The assumptions include details on the assumptions of investment return, mortality rates, disability rates, projections of pay, rates of retirement, and rates of withdrawal used to develop the pension expense. Some of these assumptions were updated based on the assumption study as of December 31, 2023 dated January 27, 2025.



SECTION B

FINANCIAL STATEMENTS

Statement of Pension Expense Under GASB Statement No. 68

Fiscal Year Ended December 31, 2025

A. Expense

1. Service Cost	\$	997,682
2. Interest on the Total Pension Liability		2,460,077
3. Current-Period Benefit Changes		0
4. Employee Contributions (made negative for addition here)		(163,703)
5. Projected Earnings on Plan Investments (made negative for addition here)		(2,715,169)
6. Pension Plan Administrative Expense		0
7. Other Changes in Plan Fiduciary Net Position		63,976
8. Recognition of Outflow (Inflow) of Resources due to Liabilities		891,881
9. Recognition of Outflow (Inflow) of Resources due to Assets		(977,823)
10. Total Pension Expense	\$	556,921

According to Paragraph 33 of GASB Statement No. 68, *differences between expected and actual experience and changes in assumptions* are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the measurement period, the expected remaining service lives of all contributing members was 945 years. Additionally, the combined plan membership (active employees and inactive employees) was 206 as of the valuation date. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the measurement period is 4.5874 years.

Additionally, *differences between projected and actual earnings on pension plan investments* should be recognized in pension expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the pension expense as a level dollar amount over the closed period identified above.

Statement of Outflows and Inflows Arising from the Current Reporting Period Calendar Year Ended December 31, 2025

A. Outflows (Inflows) of Resources Due to Liabilities

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$	1,122,508
2. Assumption Changes (gains) or losses	\$	0
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}		4.5874
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability	\$	244,694
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$	0
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	\$	244,694
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total Pension Liability	\$	877,814
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$	0
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	\$	877,814

B. Outflows (Inflows) of Resources Due to Assets

1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	\$	(3,937,515)
2. Recognition period for Assets {in years}		5.0000
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets	\$	(787,503)
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$	(3,150,012)



Statement of Outflows and Inflows Arising from the Current and Prior Reporting Periods Calendar Year Ended December 31, 2025

A. Outflows and Inflows of Resources due to Liabilities and Assets to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	\$ 911,201	\$ 19,320	\$ 891,881
2. Due to Assets	1,522,773	2,500,596	(977,823)
3. Total	\$ 2,433,974	\$ 2,519,916	\$ (85,942)

B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences Between Expected and Actual Experience	\$ 724,900	\$ 19,320	\$ 705,580
2. Assumption Changes	186,301	0	186,301
3. Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,522,773	2,500,596	(977,823)
4. Total	\$ 2,433,974	\$ 2,519,916	\$ (85,942)

C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences Between Expected and Actual Experience	\$ 1,481,391	\$ 55,435	\$ 1,425,956
2. Assumption Changes	534,552	0	534,552
3. Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,522,772	5,216,538	(3,693,766)
4. Total	\$ 3,538,715	\$ 5,271,973	\$ (1,733,258)

D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Reporting Year Ending September 30	Net Deferred Outflows of Resources
2027	\$ 724,729
2028	(1,104,096)
2029	(710,120)
2030	(643,771)
2031	0
Thereafter	0
Total	\$ (1,733,258)



Statement of Outflows and Inflows Arising from the Current and Prior Reporting Periods (Concluded) Fiscal Year Ended December 31, 2025

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
Deferred Outflow (Inflow) Due to Differences between Expected and Actual Experience on Liabilities					
2021	\$ 56,653	5.3887	\$ 4,088	\$ 0	0.0000
2022	245,929	5.4326	45,269	19,584	0.4326
2023	1,575,513	5.0769	310,330	334,193	1.0769
2024	611,357	5.0727	120,519	249,800	2.0727
2025	(94,075)	4.8693	(19,320)	(55,435)	2.8693
2026	1,122,508	4.5874	244,694	877,814	3.5874
Total			\$ 705,580	\$ 1,425,956	
Deferred Outflow (Inflow) Due to Assumption Changes					
2021	\$ 0	5.3887	\$ 0	\$ 0	0.0000
2022	0	5.4326	0	0	0.4326
2023	0	5.0769	0	0	1.0769
2024	0	5.0727	0	0	2.0727
2025	907,154	4.8693	186,301	534,552	2.8693
2026	0	4.5874	0	0	3.5874
Total			\$ 186,301	\$ 534,552	
Deferred Outflow (Inflow) Due to Differences between Projected and Actual Earnings on Plan Investments					
2022	\$ (4,202,221)	5.0000	\$ (840,445)	\$ 0	0.0000
2023	7,613,864	5.0000	1,522,773	1,522,772	1.0000
2024	(2,757,112)	5.0000	(551,422)	(1,102,846)	2.0000
2025	(1,606,132)	5.0000	(321,226)	(963,680)	3.0000
2026	(3,937,515)	5.0000	(787,503)	(3,150,012)	4.0000
Total			\$ (977,823)	\$ (3,693,766)	



Statement of Fiduciary Net Position as of December 31, 2025

	2025
Assets	
Cash and Deposits	\$ 98,839
Receivables	
Accounts Receivable - Sale of Investments	\$ 120,165
Accrued Interest and Other Dividends	77,137
Contributions	0
Accounts Receivable - Other	0
Total Receivables	\$ 197,302
Investments	
Fixed Income	\$ 10,985,491
Domestic Equities	22,537,921
International Equities	8,821,757
Real Estate	2,183,489
Other	0
Total Investments	\$ 44,528,658
Total Assets	\$ 44,824,799
Liabilities	
Payables	
Accounts Payable - Purchase of Investments	\$ 0
Accrued Expenses	0
Accounts Payable - Other	0
Total Liabilities	\$ 0
Net Position Restricted for Pensions	\$ 44,824,799

Statement of Changes in Fiduciary Net Position for Calendar Year Ended December 31, 2025

	2025
Additions	
Contributions	
Employer	\$ 437,201
Employee	163,703
Other	0
Total Contributions	\$ 600,904
Investment Income	
Net Appreciation in Fair Value of Investments	\$ 5,741,484
Interest and Dividends	1,022,524
Less Investment Expense	(111,324)
Net Investment Income	\$ 6,652,684
Other	\$ 0
Total Additions	\$ 7,253,588
 Deductions	
Benefit payments, including refunds of employee contributions	\$ 1,768,967
Pension Plan Administrative Expense	0
Other	63,976
Total Deductions	\$ 1,832,943
Net Increase in Net Position	\$ 5,420,645
 Net Position Restricted for Pensions	
Beginning of Year	\$ 39,404,154
End of Year	\$ 44,824,799



SECTION C

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability and Related Ratios

Current Period

Calendar Year Ended December 31, 2025

A. Total pension liability	
1. Service Cost	\$ 997,682
2. Interest on the Total Pension Liability	2,460,077
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the Total Pension Liability	1,122,508
5. Changes of assumptions	0
6. Benefit payments, including refunds of employee contributions	(1,768,967)
7. Net change in total pension liability	\$ 2,811,300
8. Total pension liability – beginning	35,529,605
9. Total pension liability – ending	\$ 38,340,905
B. Plan fiduciary net position	
1. Contributions – employer	\$ 437,201
2. Contributions – employee	163,703
3. Net investment income	6,652,684
4. Benefit payments, including refunds of employee contributions	(1,768,967)
5. Pension Plan Administrative Expense	0
6. Other	(63,976)
7. Net change in plan fiduciary net position	\$ 5,420,645
8. Plan fiduciary net position – beginning	39,404,154
9. Plan fiduciary net position – ending	\$ 44,824,799
C. Net pension liability	\$ (6,483,894)
D. Plan fiduciary net position as a percentage of the total pension liability	116.91%
E. Covered-employee payroll ¹	\$ 7,588,638
F. Net pension liability as a percentage of covered-employee payroll ¹	(85.44)%

¹ Reflects payroll as of the actuarial valuation date that is one year prior to the measurement date.
This payroll may differ from the GASB Statement No. 68 definition of covered-employee payroll.



Schedules of Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Calendar year ending December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	\$ 997,682	\$ 861,499	\$ 796,194	\$ 695,803	\$ 654,166	\$ 657,842	\$ 602,024	\$ 564,693	\$ 531,951	\$ 488,626
Interest on the Total Pension Liability	2,460,077	2,303,979	2,175,279	1,994,722	1,915,891	1,848,583	1,790,650	1,737,126	1,728,566	18,323
Benefit Changes	0	(38,284)	0	0	0	0	0	0	0	23,809,450
Difference between expected and actual experience of the Total Pension Liability	1,122,508	(94,075)	611,357	1,575,513	245,929	56,653	(457,176)	(42,034)	(846,825)	(900,382)
Assumption Changes	0	907,154	0	0	0	0	1,218,483	669,306	0	0
Benefit Payments and Refunds	(1,768,967)	(1,787,813)	(1,765,998)	(1,707,696)	(1,713,611)	(1,485,777)	(1,458,602)	(1,363,003)	(1,268,881)	0
Net Change in Total Pension Liability	2,811,300	2,152,460	1,816,832	2,558,342	1,102,375	1,077,301	1,695,379	1,566,088	144,812	23,416,017
Total Pension Liability - Beginning	35,529,605	33,377,145	31,560,313	29,001,971	27,899,596	26,822,295	25,126,916	23,560,829	23,416,017	-
Total Pension Liability - Ending (a)	\$ 38,340,905	\$ 35,529,605	\$ 33,377,145	\$ 31,560,313	\$ 29,001,971	\$ 27,899,596	\$ 26,822,295	\$ 25,126,916	\$ 23,560,829	\$ 23,416,017
Plan Fiduciary Net Position										
Employer Contributions	\$ 437,201	\$ 439,991	\$ 134,715	\$ 8,966	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employee Contributions	163,703	116,437	99,243	86,800	83,962	76,383	73,002	69,362	65,034	14,189
Pension Plan Net Investment Income	6,652,684	4,120,417	5,019,404	(4,896,135)	6,576,171	2,848,997	5,527,072	(2,342,429)	3,884,913	3
Benefit Payments and Refunds	(1,768,967)	(1,787,813)	(1,765,998)	(1,707,696)	(1,713,611)	(1,485,777)	(1,458,602)	(1,363,003)	(1,268,881)	0
Pension Plan Administrative Expense	0	0	0	0	0	0	0	0	(36,876)	0
Other	(63,976)	(37,863)	(37,713)	(38,544)	(49,957)	(82,828)	(46,890)	(36,233)	8,615,942	21,700,000
Net Change in Plan Fiduciary Net Position	5,420,645	2,851,169	3,449,651	(6,546,609)	4,896,565	1,356,775	4,094,582	(3,672,303)	11,260,132	21,714,192
Plan Fiduciary Net Position - Beginning	39,404,154	36,552,985	33,103,334	39,649,943	34,753,378	33,396,603	29,302,021	32,974,324	21,714,192	0
Plan Fiduciary Net Position - Ending (b)	\$ 44,824,799	\$ 39,404,154	\$ 36,552,985	\$ 33,103,334	\$ 39,649,943	\$ 34,753,378	\$ 33,396,603	\$ 29,302,021	\$ 32,974,324	\$ 21,714,192
Net Pension Liability - Ending (a) - (b)	(6,483,894)	(3,874,549)	(3,175,840)	(1,543,021)	(10,647,972)	(6,853,782)	(6,574,308)	(4,175,105)	(9,413,495)	1,701,825
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	116.91 %	110.91 %	109.52 %	104.89 %	136.71 %	124.57 %	124.51 %	116.62 %	139.95 %	92.73 %
Covered-employee Payroll¹	\$ 7,588,638	\$ 6,677,923	\$ 6,274,524	\$ 5,537,815	\$ 5,298,103	\$ 5,214,419	\$ 4,995,358	\$ 4,921,201	\$ 4,582,818	\$ 4,251,161
Net Pension Liability as a Percentage of Covered-employee Payroll¹	(85.44)%	(58.02)%	(50.61)%	(27.86)%	(200.98)%	(131.44)%	(131.61)%	(84.84)%	(205.41)%	40.03 %

Notes to Schedule:

Effective October 1, 2016, the City of Kalamazoo's existing transit operations spun off to become part of the Central County Transportation Authority (CCTA). The CCTA is a separate single-employer pension plan. Asset transfers were reflected in 2016 and 2017.

¹ Reflects payroll as of the actuarial valuation date that is one year prior to the measurement date. This payroll may differ from the GASB Statement No. 68 definition of covered-employee payroll.



Schedules of Required Supplementary Information

Schedule of the Employers' Net Pension Liability

Last 10 Fiscal Years

Calendar Year Ending	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered- Employee Payroll ¹	Net Pension Liability as a % of Covered Payroll
2016	\$23,416,017	\$21,714,192	\$ 1,701,825	92.73%	\$4,251,161	40.03%
2017	23,560,829	32,974,324	(9,413,495)	139.95%	4,582,818	(205.41)%
2018	25,126,916	29,302,021	(4,175,105)	116.62%	4,921,201	(84.84)%
2019	26,822,295	33,396,603	(6,574,308)	124.51%	4,995,358	(131.61)%
2020	27,899,596	34,753,378	(6,853,782)	124.57%	5,214,419	(131.44)%
2021	29,001,971	39,649,943	(10,647,972)	136.71%	5,298,103	(200.98)%
2022	31,560,313	33,103,334	(1,543,021)	104.89%	5,537,815	(27.86)%
2023	33,377,145	36,552,985	(3,175,840)	109.52%	6,274,524	(50.61)%
2024	35,529,605	39,404,154	(3,874,549)	110.91%	6,677,923	(58.02)%
2025	38,340,905	44,824,799	(6,483,894)	116.91%	7,588,638	(85.44)%

¹ Reflects payroll as of the actuarial valuation date that is one year prior to the measurement date. This payroll may differ from the GASB Statement No. 68 definition of covered-employee payroll.



Schedule of Contributions

Last 10 Fiscal Years

Calendar Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll ¹	Actual Contribution as a % of Covered Payroll
2016	\$ 0	\$ 0	\$ 0	\$ 4,251,161	0.00%
2017	0	0	0	4,582,818	0.00%
2018	0	0	0	4,921,201	0.00%
2019	0	0	0	4,995,358	0.00%
2020	0	0	0	5,214,419	0.00%
2021	2,242	0	2,242	5,298,103	0.00%
2022	40,403	8,966	31,437	5,537,815	0.16%
2023	211,034	134,715	76,319	6,274,524	2.15%
2024	439,294	439,991	(697)	6,677,923	6.59%
2025	517,120	437,201	79,919	7,588,638	5.76%

¹ Reflects payroll as of the actuarial valuation date that is one year prior to the measurement date. This payroll may differ from the GASB Statement No. 68 definition of covered-employee payroll.



Notes to Schedule of Contributions

Valuation Date: December 31, 2024
Notes Fiscal year contribution requirements are determined annually based upon a December 31 valuation date. Actuarially determined contribution amounts are a blend of the results from two different valuation dates.

Methods and Assumptions Used to Determine Contribution Rates for the Year Ending September 30, 2026:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent-of-Payroll, Open Period
Remaining Amortization Period	10 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.25% (which includes price inflation of 2.25%)
Salary Increases	3.25% to 11.25% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The mortality tables used were as follows: <ol style="list-style-type: none">1. Healthy Pre-Retirement: The Pub-2010 Amount-Weighted, General, Employee, Male and Female tables, projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.2. Healthy Post-Retirement: The Pub-2010 Amount-Weighted, General, Healthy Retiree, Male and Female tables, projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.3. Disability Retirement: The Pub-2010 Amount-Weighted, General, Disabled Retiree, Male and Female tables, projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

Other Information:
Notes N/A



Schedule of Investment Returns

Last 10 Fiscal Years

<u>Calendar Year</u> <u>Ending</u>	<u>Annual</u> <u>Return</u> ^{1,2}
2017	0.00 %
2018	17.72 %
2019	(7.25)%
2020	19.30 %
2021	8.70 %
2022	19.33 %
2023	(12.60)%
2024	15.48 %
2025	11.45 %
2026	17.12 %

¹ Annual money-weighted rate of return, net of investment expenses.

² Based upon cash flows and beginning and ending balance of Pension Plan Investment as provided by the Plan Administrator.

SECTION D

NOTES TO FINANCIAL STATEMENTS

Asset Allocation

Long-Term Expected Return on Plan Assets

The assumed rate of investment return was adopted by the plan’s trustees after considering input from the plan’s investment consultant and Actuary. Additional information about the assumed rate of investment return is included in our actuarial valuation report as of December 31, 2024. The assumed rate of investment return falls within a reasonable range of the long-term expected rate of return.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return 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. For each major asset class that is included in the pension plan’s target asset allocation as of December 31, 2025, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return ¹
U.S. Small Cap (Manager 1)	5.00%	3.58%
U.S. Small Cap (Manager 2)	2.50%	3.58%
International Developed Equity	12.50%	4.68%
U.S. Large Cap (Manager 1)	38.00%	3.58%
U.S. Large Cap (Manager 2)	5.00%	3.58%
Emerging Markets	7.00%	4.48%
Domestic Fixed Income	25.00%	2.48%
Real Estate (Manager 1)	2.50%	4.08%
Real Estate (Manager 2)	2.50%	4.08%
Total	100.00%	

¹ Real rate of return is based on investment manager inflation assumption of 2.32%.

The figures in the above table were supplied by the City of Kalamazoo. Gabriel, Roeder, Smith & Company does not provide investment advice.

Single Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.00%. Based on the Plan's current funding policy and the Plan's practice of contributing 100% of the recommended contribution, it is the opinion of the actuaries that the Plan Fiduciary Net Position is sufficient to make all future projected benefit payments, assuming all other assumptions are realized. Therefore, the Single Discount Rate would be equal to the long-term expected rate of return of 7.00%.

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Total Pension Liability	\$ 42,960,933	\$ 38,340,905	\$ 34,473,189
Plan Fiduciary Net Position	44,824,799	44,824,799	44,824,799
Net Pension Liability/(Asset)	\$ (1,863,866)	\$ (6,483,894)	\$ (10,351,610)

Summary of Population Statistics ¹

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	80
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	11
Active Plan Members	115
Total Plan Members	206

¹ Membership counts are as of the actuarial valuation date.

SECTION E

SUMMARY OF BENEFITS

Brief Summary of Benefit Provisions ¹ as of December 31, 2025

Benefit Groups:

Exempt Employees (Non-Union)
Amalgamated Transit Union (ATU)
Kalamazoo Municipal Employees Association (KMEA)²

Final Average Compensation (FAC): Highest 3 consecutive years out of the last 10.

Benefit Multiplier: Varies by Benefit Group.

Non-Union: 2.3% of FAC.
ATU: 2.1% of FAC.
KMEA: 2.1% of FAC.

Normal Retirement:

Non-Union Eligibility:

Hired Prior to 9/1/2010: Age 62 with 5 years of service or age 57 with 25 years of service.
Hired On or After 9/1/2010: Age 62 with 10 years of service or age 57 with 25 years of service.

ATU Eligibility: Age 62 with 10 years of service or age 57 with 25 years of service.

KMEA Eligibility:

Hired Prior to 1/1/2009: Age 62 with 8 years of service or age 57 with 25 years of service.
Hired On or After 1/1/2009: Age 62 with 10 years of service or age 57 with 25 years of service.

Amount of Benefit: Benefit Multiplier x FAC x Years of Credited Service.

Early Retirement:

Non-Union Eligibility:

Hired Prior to 9/1/2010: Age 60 with 5 years of service or rule of 70 with minimum age 55.
Hired On or After 9/1/2010: Age 60 with 10 years of service or rule of 70 with minimum age 55.

ATU Eligibility: Age 60 with 10 years of service or rule of 70 with minimum age 55.

KMEA Eligibility:

Hired Prior to 1/1/2009: Age 60 with 8 years of service or rule of 70 with minimum age 55.
Hired On or After 1/1/2009: Age 60 with 10 years of service or rule of 70 with minimum age 55.

Amount of Benefit: Normal Retirement Benefit reduced for early commencement.

Amount of Reduction: 4/10 of 1% for each month retirement is prior to age 62 (from age 57 if retired with 25 or more years of credited service).

Deferred Vested Retirement:

Eligibility: Satisfaction of the service requirement for Early Retirement.

Amount of Benefit: Normal Retirement Benefit based upon FAC and years of credited service at termination.

Commencement of Benefit: Upon attainment of minimum age requirement for Normal Retirement.

Disability Retirement:

Eligibility: Satisfaction of the minimum service requirement for Early Retirement.

Amount of Benefit: Normal Retirement Benefit based upon FAC and years of credited service at termination.

Duty Disability Special Conditions:

1. Minimum service requirement is waived.
2. Benefit Minimum is Normal Retirement Benefit based upon FAC at termination and the minimum service requirement for a non-duty disability retirement.

¹ This represents a brief summary of Plan provisions, as understood by the Actuary. Official Plan documents and any applicable Collective Bargaining Agreements will ultimately govern the benefits payable from the Plan.

² There will be no new KMEA members joining the plan as of the December 31, 2017 valuation.



Brief Summary of Benefit Provisions ¹ as of December 31, 2025

Death Retirement:

Eligibility: Satisfaction of the minimum service requirement for Early Retirement.

Amount of Benefit: Normal Retirement Benefit based upon FAC and years of credited service at termination, reduced in accordance with a 100% joint and survivor election.

Duty Death Special Conditions:

1. Minimum service requirement is waived.
2. Benefit Minimum is:
 - a. 33 1/3% of FAC payable to surviving spouse; plus
 - b. Unmarried children under 18 years of age receive equal shares of 25% of FAC.

Annual Pension Adjustment:

Non-Union:

Eligibility: Members making election by May 30, 2006 who make increased member contributions annually.

Amount of Increase: 1.5% compounded annually. Increases are granted on January 1 annually, following one full year of retirement.

ATU:

Eligibility: Retired on or after March 1, 2000. Participants retiring before the Normal Retirement Date are excluded.

Amount of Increase: 1.0% compounded annually granted on the anniversary of retirement. Upon attainment of age 75, increases are 2.0% compounded annually.

KMEA:

Eligibility: Retired on or after March 13, 2000. Participants retiring before the Normal Retirement Date are excluded.

Amount of Increase: 1.5% compounded annually granted on the anniversary of retirement. Increases begin the later of attainment of age 64 or the first anniversary of the date of retirement.

Death After Retirement:

Beneficiaries are eligible for a \$1,000 lump sum death benefit (does not apply to deferred retirements).

Member Contributions:

Non-Union Amount: Varies by date of hire. Members electing the annual pension adjustment by May 30, 2006, pay an additional 2.0% above the 1.5% of compensation.

Hired before 6/1/2006: 1.5% of compensation.

Hired on or after 6/1/2006: 3.0% of compensation.

ATU Amount: 2% of compensation.

KMEA Amount: 1% of compensation.

Periodic Payment:

Description: Subject to section 15.5 of the CCTA Pension Plan document, certain retirees are eligible for a nonguaranteed payment, with a potential payment every third year. The payment is subject to additional requirements related to the need for projected employer contributions to the Plan and can be reduced or eliminated based on CCTA Board recommendation.

¹ This represents a brief summary of Plan provisions, as understood by the Actuary. Official Plan documents and any applicable Collective Bargaining Agreements will ultimately govern the benefits payable from the Plan.



SECTION F

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

Valuation Methods

The normal cost was computed as follows:

The series of contributions necessary to accumulate the present value at time of retirement of the portion of a member's pension attributable to service likely to be rendered after the valuation date was computed so that each contribution in the series was a constant percentage of the member's year-by-year projected covered compensation. This is the individual entry age normal actuarial cost method.

The accrued liability was computed and financed as follows:

Retirees and Beneficiaries: The discounted value of pensions likely to be paid retirees and beneficiaries was computed using the investment return and mortality assumptions. This amount was financed by applicable accrued assets.

Active and Inactive members: The discounted value of benefits likely to be paid active and inactive members on account of service rendered prior to the valuation date was computed using the assumptions outlined on the following pages. The computed amount was reduced by applicable valuation assets and the remainder (or overfunding) was financed as a level percent-of-payroll over a rolling period of 10 years.

Asset valuation method: The market value of assets was used for GASB Statement Nos. 67 and 68 reporting purposes.

Actuarial Assumptions Used for the Valuation

Section 13.4 of the Plan document provided the Board of Trustees the authority to manage and administer the Plan. Subsection (h) provides the Board the ability to require and obtain appropriate Actuary reports. The actuarial assumptions used for this report were based upon the results of such reports; specifically, an Experience Study for the Central County Transportation Authority Pension Plan covering the period January 1, 2019 through December 31, 2023. A report dated January 27, 2025 presented the results of this experience study. The actuarial assumptions represent estimates of future experience.

Investment Return. The rate of investment return is compounded annually net of investment expenses.

Investment Return	7.00%
Wage Inflation	3.25%
Price Inflation	2.25%
Spread Between Investment Return and Wage Inflation	3.75%
Spread Between Investment Return and Price Inflation	4.75%

These assumptions are used to equate the value of payments due at different points in time.

Investment Expenses. 0.50% of average valuation assets.

Administrative Expenses. 0.75% of covered member payroll was added to the Normal Cost in anticipation of administrative expenses expected to be paid during the fiscal year.



Actuarial Assumptions Used for the Valuation (Continued)

Pay Projections. These assumptions are used to project current pays to those upon which benefits will be based.

The annual rate of pay increases consists of two parts:

- (i) A long-term rate of pay inflation equal to 3.25%; and
- (ii) Merit and longevity increases which vary according to age or length of service. These rates are illustrated below.

Service	Exempt	ATU
1	8.0%	6.0%
2	6.0	5.0
3	3.0	4.0
4	2.0	4.0
5	2.0	4.0
6	1.0	2.0
7	1.0	1.0
8	0.5	0.5
9	0.5	0.5
10	0.5	0.5
11	0.5	0.5
12	0.5	0.5
13	0.5	0.5
14	0.5	0.5
thereafter	0.0	0.0

If the number of active members remains constant and the group demographics do not change, payroll is expected to increase 3.25% annually, the base portion of the individual pay increase assumptions. This increasing payroll was recognized in amortizing unfunded actuarial accrued liabilities.

Actuarial Assumptions Used for the Valuation (Continued)

The mortality tables used were as follows:

- **Healthy Pre-Retirement:** The Pub-2010 Amount-Weighted, General, Employee, Male and Female tables, projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.
- **Healthy Post-Retirement:** The Pub-2010 Amount-Weighted, General, Healthy Retiree, Male and Female tables, projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.
- **Disability Retirement:** The Pub-2010 Amount-Weighted, General, Disabled Retiree, Male and Female tables, projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

Sample Attained Ages	Healthy Pre-Retirement		Healthy Post-Retirement		Disabled Retirement	
	Future Life Expectancy (Years) ¹		Future Life Expectancy (Years) ¹		Future Life Expectancy (Years) ¹	
	Men	Women	Men	Women	Men	Women
55	34.26	36.31	30.80	33.63	23.03	25.89
60	29.35	31.28	26.08	28.75	19.84	22.53
65	24.57	26.34	21.56	24.01	16.86	19.20
70	19.91	21.50	17.27	19.45	14.00	15.79
75	15.36	16.77	13.32	15.19	11.21	12.48
80	10.93	12.21	9.83	11.35	8.61	9.52

¹ Based on retirements in 2025. Retirements in future years will reflect improvements in life expectancy.

This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement.

Actuarial Assumptions Used for the Valuation (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement		
Ages	Exempt	ATU
55	10%	10%
56	10	10
57	25	25
58	25	25
59	20	20
60	25	25
61	30	30
62	30	30
63	15	15
64	15	15
65	100	100

Retirement probabilities were applied for members after both attaining age 55 and completing 15 years of service, or age 62 with 10 years of service (5 years for Non-Union members hired before 9/1/2010).

Actuarial Assumptions Used for the Valuation (Concluded)

Rates of disability were as follows:

Sample Ages	% of Active Members Becoming Disabled Within Next Year	
	ATU	Exempt
20	0.23%	0.04%
25	0.27	0.04
30	0.32	0.04
35	0.40	0.04
40	0.55	0.10
45	0.76	0.13
50	1.45	0.25
55	2.84	0.45
60	0.00	0.71

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating within Next Year
	0	18.0%
	1	16.0
	2	12.0
	3	11.0
	4	10.0
25	5 or Over	7.4
30		5.8
35		5.0
40		4.0
45		3.3
50		2.5
55		2.0
60		2.0

Miscellaneous and Technical Assumptions

Active Member Group Size	The number of active members was assumed to remain constant.
Marriage Assumption	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses.
Pay Increase Timing	Was assumed to occur in the middle of the year. This means that the pays reported for the valuation are assumed to be rates of pay on the valuation date.
Decrement Timing	Decrements are assumed to occur at the middle of the fiscal year.
Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Benefit Service	Exact fractional service is used to determine the amount of benefit payable.
Decrement Relativity	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation	Death-in-service decrement does not operate until member becomes vested. Withdrawal does not operate during retirement eligibility.
Normal Form of Benefit	The assumed normal form of benefit is straight life form.
Incidence of Contributions	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.
Post-Retirement Adjustment Timing	Post-Retirement Adjustments (PRAs) were assumed to be paid on January 1 of each year for Exempt retirees (beginning the second year following retirement). PRAs were assumed to be paid on the first of the month immediately following the retiree's birthday for all other groups.
Active Member Pay Adjustments	New hire pays were annualized. Pays were adjusted for members on Worker's Compensation or Leave of Absence for part of the valuation year.
Roll Forward Disclosure	The Total Pension Liability shown in this report is based on an actuarial valuation performed as of December 31, 2024 and a measurement date of December 31, 2025. The roll-forward procedure increases the December 31, 2024 actuarial accrued liability with normal cost and interest and decreases it with actual benefit payments for the year between the actuarial valuation date and the measurement date.



SECTION G

DISCUSSION OF THE SINGLE DISCOUNT RATE

Discussion of the Single Discount Rate

GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the Plan to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a municipal bond rate is required, as described in the following paragraph.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects: (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits); and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

The Central County Transportation Authority Pension Plan has a history of adhering to a funding policy with actuarially determined employer contributions. In addition, the Authority has a history of fully contributing the actuarially determined contributions to the fund. Based on the Plan's current funding policy and the Authority's practice of contributing 100% of the recommended contribution, it is the opinion of the actuaries that the Plan Fiduciary Net Position is sufficient to make all future projected benefit payments, assuming all other assumptions are realized. As a result, the SDR is the long-term expected rate of return on pension plan investments, 7.00%, and projections have been excluded from this report.

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 4.83%; and the resulting SDR is 7.00%.

SECTION H

MICHIGAN PUBLIC ACT 202

State Reporting Assumptions as of December 31, 2025

The Protecting Local Government Retirement and Benefits Act, Michigan Public Act 202 of 2017 (PA 202), was put into law effective December 20, 2017. One outcome of the law is the requirement for the local unit of government to provide select reporting disclosures to the State. Section 5(1) of the Act provides the State treasurer with the authority to annually establish uniform actuarial assumptions for purposes of developing the requisite disclosures. Below you will find information which may be used to assist the local unit of government with required reporting.

Uniform Assumptions, as applicable to the measurement and the required disclosures under uniform assumptions are denoted below. Additional discussion of PA 202 and uniform assumptions may be found on the State website in the *Public Act 202 of 2017: Selection of the Uniform Assumptions for Fiscal Year 2025* memo dated March 4, 2025.

Uniform Assumption	PA 202	Valuation Assumption Used	Uniform Assumption Used
Investment Rate of Return Discount Rate	Maximum of 7.00% ¹	7.00%	7.00%
Salary Increase	Minimum of 3.65% or based on experience study within last 5 years	3.25% + Merit and longevity (based on experience study dated January 27, 2025)	3.25% + Merit and longevity (based on experience study dated January 27, 2025)
Mortality	A version of Pub-2010 mortality tables with future mortality improvement projected generationally using scale MP-2021 or based on an experience study within last 5 years	A version of Pub-2010 (based on experience study dated January 27, 2025)	A version of Pub-2010 (based on experience study dated January 27, 2025)
Amortization of the Unfunded Accrued Actuarial Liability: Period	Maximum Period of 14 Years	10 years for all groups	10 years for all groups
Method	Closed Plans: Level Dollar Open Plans: Level Percent of Payroll or Level Dollar	Level Percent of Payroll	Level Percent of Payroll
Type	Closed	Open	Closed

¹ A blended rate calculated using GASB Statement No. 68 methodology. For periods in which projected plan assets are sufficient to make projected benefit payments – maximum of 7.00%; for periods in which projected plan assets are NOT sufficient to make projected benefit payments – 3.93%.

State Reporting as of December 31, 2025

The following information has been prepared to provide some of the information necessary to complete the pension reporting requirements for the State of Michigan's Local Government Retirement System Annual Report (Form 5572). Additional resources are available on the State website.

Line	Descriptive Information	
18	Actuarial Assumptions¹	
19	Actuarial assumed rate of investment return ²	7.00%
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Level Percent
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any ³	10
22	Is each division within the system closed to new employees?	No
23	Uniform Assumptions⁴	
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	\$38,670,830
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	\$36,578,678
26	Funded ratio using uniform assumptions	105.7%
27	Actuarially Determined Contribution (ADC) using uniform assumptions ³	\$ 756,876
28	All systems combined ADC/Governmental fund revenues	Auto ⁵

¹ Information on lines 19-22 can be found in the annual actuarial valuation report for the System as of the most recent valuation date, December 31, 2024, dated May 13, 2025.

² Net of administrative expenses.

³ For the fiscal year ending September 30, 2026.

⁴ Information on lines 24-28 is based on assumptions listed on the prior page as of the most recent valuation date, December 31, 2024, after reflecting uniform assumptions.

⁵ Automatically calculated by State of Michigan Form No. 5572.

SECTION I

GLOSSARY OF TERMS

Glossary of Terms

<i>Accrued Service</i>	Service credited under the system that was rendered before the date of the actuarial valuation.
<i>Actuarial Accrued Liability (AAL)</i>	The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as “accrued liability” or “actuarial liability.”
<i>Actuarial Assumptions</i>	These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.
<i>Actuarial Cost Method</i>	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the pension trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.
<i>Actuarial Equivalent</i>	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.
<i>Actuarial Gain (Loss)</i>	The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.
<i>Actuarial Present Value (APV)</i>	The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future payments at predetermined rates of interest and probabilities of payment.
<i>Actuarial Valuation</i>	The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions.
<i>Actuarial Valuation Date</i>	The date as of which an actuarial valuation is performed.
<i>Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)</i>	A calculated contribution into a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically, the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

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<i>Amortization Method</i>	The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be “open” (meaning, reset each year) or “closed” (the number of years remaining will decline each year).
<i>Amortization Payment</i>	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
<i>Cost-of-Living Adjustments</i>	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
<i>Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (cost-sharing pension plan)</i>	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
<i>Covered-Employee Payroll</i>	The payroll of employees that are provided with pensions through the pension plan.
<i>Deferred Inflows and Outflows</i>	The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.
<i>Deferred Retirement Option Program (DROP)</i>	A program that permits a plan member to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The plan member continues to provide service to the employer and is paid for the service by the employer after the DROP entry date; however, the pensions that would have been paid to the plan member are credited to an individual member account within the defined benefit pension plan until the end of the DROP period. Other variations for DROP exist and will be more fully detailed in the plan provision section of the valuation report.
<i>Discount Rate</i>	For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically: <ol style="list-style-type: none">1. The benefit payments to be made while the pension plans’ fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.

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<i>Entry Age Actuarial Cost Method (EAN)</i>	The EAN is a cost method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit age(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.
<i>Fiduciary Net Position</i>	The fiduciary net position is the market value of the assets of the trust dedicated to the defined benefit provisions.
<i>GASB</i>	The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.
<i>Long-Term Expected Rate of Return</i>	The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.
<i>Money-Weighted Rate of Return</i>	The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 67, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.
<i>Multiple-Employer Defined Benefit Pension Plan</i>	A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
<i>Municipal Bond Rate</i>	The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.
<i>Net Pension Liability (NPL)</i>	The NPL is the liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit pension plan.
<i>Non-Employer Contributing Entities</i>	Non-employer contributing entities are entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of the GASB accounting statements, plan members are not considered non-employer contributing entities.
<i>Normal Cost</i>	The portion of the actuarial present value allocated to a valuation year is called the normal cost. For purposes of application to the requirements of this Statement, the term normal cost is the equivalent of service cost.

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<i>Other Postemployment Benefits (OPEB)</i>	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment health care benefits regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
<i>Real Rate of Return</i>	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
<i>Service Cost</i>	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
<i>Total Pension Expense</i>	<p>The total pension expense is the sum of the following items that are recognized at the end of the employer’s fiscal year:</p> <ol style="list-style-type: none">1. Service Cost2. Interest on the Total Pension Liability3. Current-Period Benefit Changes4. Employee Contributions (made negative for addition here)5. Projected Earnings on Plan Investments (made negative for addition here)6. Pension Plan Administrative Expense7. Other Changes in Plan Fiduciary Net Position8. Recognition of Outflow (Inflow) of Resources due to Liabilities9. Recognition of Outflow (Inflow) of Resources due to Assets
<i>Total Pension Liability (TPL)</i>	The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	The UAAL is the difference between actuarial accrued liability and valuation assets.
<i>Valuation Assets</i>	The valuation assets are the assets used in determining the unfunded liability of the plan. For purposes of GASB Statement Nos. 67 and 68, the valuation assets are equal to the market value of assets.