

ABE778

Deputy Controller Nicki Gottschall called the meeting of the Lycoming County Retirement Board to order at 11:032a.m. Tuesday, January 4, 2022 in the Commissioners' Board Room, first floor, Executive Plaza. Board members present included: Commissioner Richard Mirabito, Commissioner Scott Metzger, Commissioner Tony Mussare, Controller Krista Rogers and Treasurer Cindy Newcomer. Also in attendance was Deputy Controller Nicki Gottschall, Deputy Treasurer Carol Johnston, Solicitor Christopher Kenyon, and Internal Auditor Matthew Tierney.

The Board met to discuss the Actuarially Determined Employer Contribution (ADEC) for 2022. After a lengthy discussion regarding the assumed rate of return on investments, it was determined that the Board will wait until the fund is completely balanced for 2021 to make a decision on whether to lower the expectation percentage rate or not. Here are Chuck Friedlander's remarks from an email he sent December 18, 2021 regarding the ADEC:

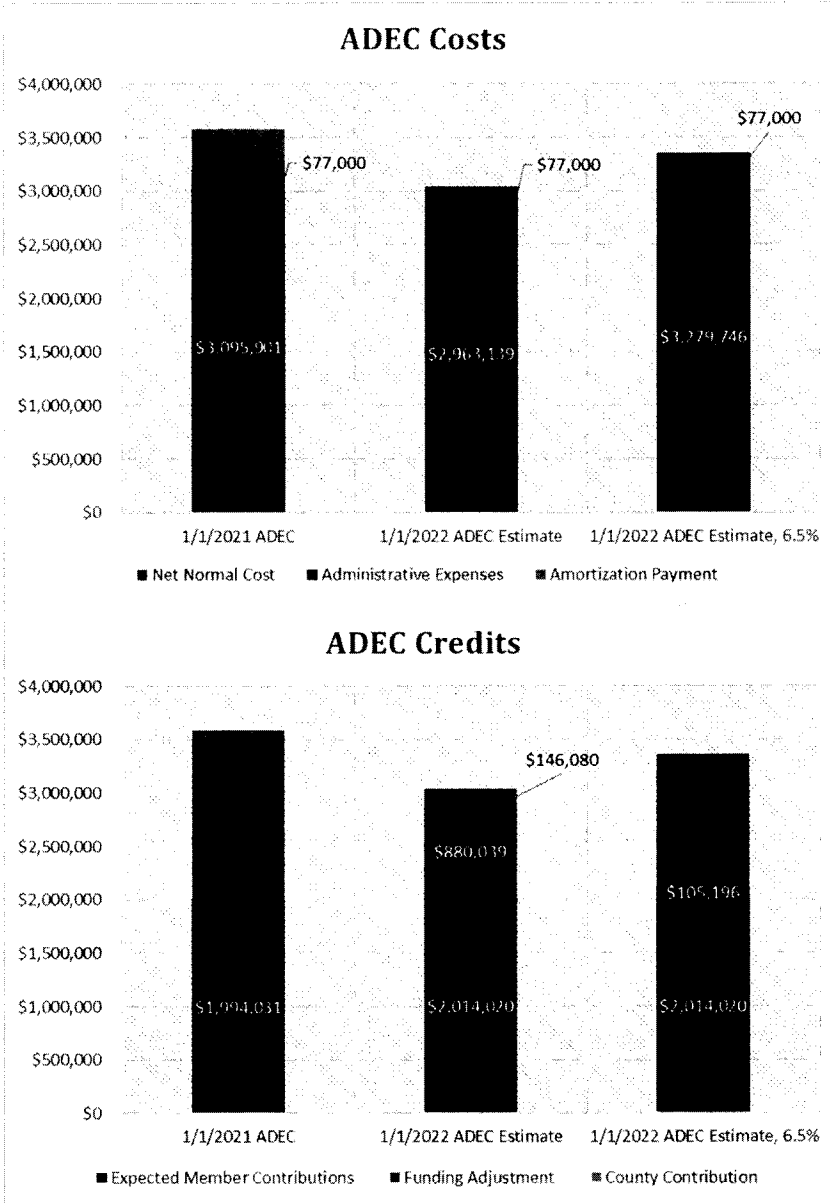
"As requested, I have estimated the Actuarially Determined Employer Contribution (ADEC) for 2022, based on the census information, plan provisions and actuarial assumptions and methods as the January 1, 2021 actuarial valuation, and I refer you to that actuarial valuation report for a description of these items as well as my qualifications to present this information. The assets are based on the fund reconciliation through October 31, 2021 and projecting fund returns through December 31, 2021 based on the 7% assumed rate of interest.

The combination of the strong year-to-date fund performance and the recognition of prior year's returns through the actuarial smoothing method has resulted in a return of 10.5% on the actuarial value of assets. The unfunded actuarial accrued liability had decreased from \$6,466,945 at January 1, 2020 to only \$742,288, has now turned into an estimated excess of assets over liabilities of \$8,800,386. This has eliminated the amortization payment of \$413,368. A *funding adjustment* of 10% of the excess reduces the ADEC by \$880,0389.

The net result is that the ADEC would decrease from \$1,592,238 in 2021 to only \$146,080 for 2022. I also ran the liabilities using a 6.5% valuation interest rate, which resulted in an estimated 2022 ADEC of \$1,237,530, which would still be a \$354,708 decrease from 2021.

The determination of the estimated 2022 ADEC, compared to the 2021 ADEC is shown below. The "costs" in the chart on the left are the normal cost, administrative expenses and amortization payment. These are the components of the ADEC that add to the contribution requirement. The "credits" in the chart on the right include the member contributions and funding adjustment that reduce the County obligation. The ADEC (or County Contribution) is what is remaining after the other credits reduce the ADEC.

You will notice that the funding adjustment nearly eliminates the County requirement under the current assumptions and reduces it by over \$100,000 under the 6.5% assumption."



Commissioner Mussare requested that we discuss our cash position at the next schedule Retirement Board meeting, which will be held on February 24, 2022.

The meeting was adjourned by Deputy Controller Gottschall at 12:07pm

Respectfully submitted by:

*Krista B. Rogers*  
 Krista B. Rogers, Secretary