



Spokane Employees'
Retirement System

Comprehensive Annual Report

FOR THE YEAR ENDED DECEMBER 31, 2025



Photography by James Richman

Retirement Department
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Comprehensive Annual Report

FOR THE YEAR ENDED DECEMBER 31, 2025



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Introductory Section

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To the Honorable Mayor and
Spokane City Council
Spokane, WA 99201



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RETIREMENT SYSTEM**
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This 84th Annual Report consists of five sections: The Introductory Section contains the letter of transmittal and an explanation of the administrative organization of the System; the Financial Section contains the audited financial statements of the System as well as an opinion letter from the System's independent certified public accountants; the Actuarial Section contains the consulting actuary's report along with related actuarial data and statements; the Statistical Section contains tables of significant data pertaining to the operation of the System; and the last section is the Investment Section, which includes information related to the System's investments.

The Retirement System began its first year of operations in 1942 and is managed in accordance with Chapters 3.05 and 4.14 of the Spokane Municipal Code. The retirement plan is an employer-sponsored defined benefit plan that pays a determinable amount to each member who retires after a minimum number of years of service. Refer to the Summary of Benefit and Contribution Provisions contained in the Actuarial Section of this report for criteria and a more detailed explanation of the benefits.

The compilation of this report reflects the combined efforts of the staff under the leadership of the Retirement Board. The intention of this report is to provide complete and reliable information to assist in management decisions, to present evidence of compliance with legal provisions and to demonstrate responsible stewardship for the assets contributed by the members and their employer. The accuracy and completeness of the data contained in this report are the sole responsibility of the management of the Spokane Employees' Retirement System.

We would like to express our gratitude to the advisors and the many people who have worked so diligently to assure the successful operation of the System. Lastly, the Director would like to acknowledge the hard work and dedication of the Retirement Department staff. Without them, this report would not be possible.

Respectfully submitted,

Board of Administration,
Spokane Employees' Retirement System
As of December 31, 2025

Christine Shisler
Retirement Director

Administrative Organization

SPOKANE EMPLOYEES' RETIREMENT SYSTEM ADMINISTRATIVE ORGANIZATION

BOARD OF ADMINISTRATION

James Tieken (Chair)	Elected Employee	Refuse District Supervisor, Solid Waste Management
Joseph Cavanaugh	Elected Employee	Water Engineering Tech Foreperson, Water Division
Richard Czernik	Elected Employee	Inventory Control Specialist, Advanced Wastewater Treatment
Jon Barnhart	Elected Employee	SR Wastewater Plant Maintenance Mechanic, Advanced Wastewater Treatment
Jonathan Bingle	Council Member	City Council Member, City of Spokane
Brian Brill	Council Appointee	Portfolio Manager, Washington Trust Bank
Beau Madsen	Council Appointee	Chief Investment Officer RISE Properties Trust
Brian Myers	Board Appointee	Vice President of Shelters & Specialized Services Catholic Charities of Eastern Washington
Matthew Boston	Mayoral Appointee	Chief Financial Officer, City of Spokane

INVESTMENT ADVISORY COMMITTEE

Brian Brill	Portfolio Manager, Washington Trust Bank
Matthew Boston	Chief Financial Officer, City of Spokane
Christine Shisler	Retirement Director, Spokane Employees' Retirement System

STAFF

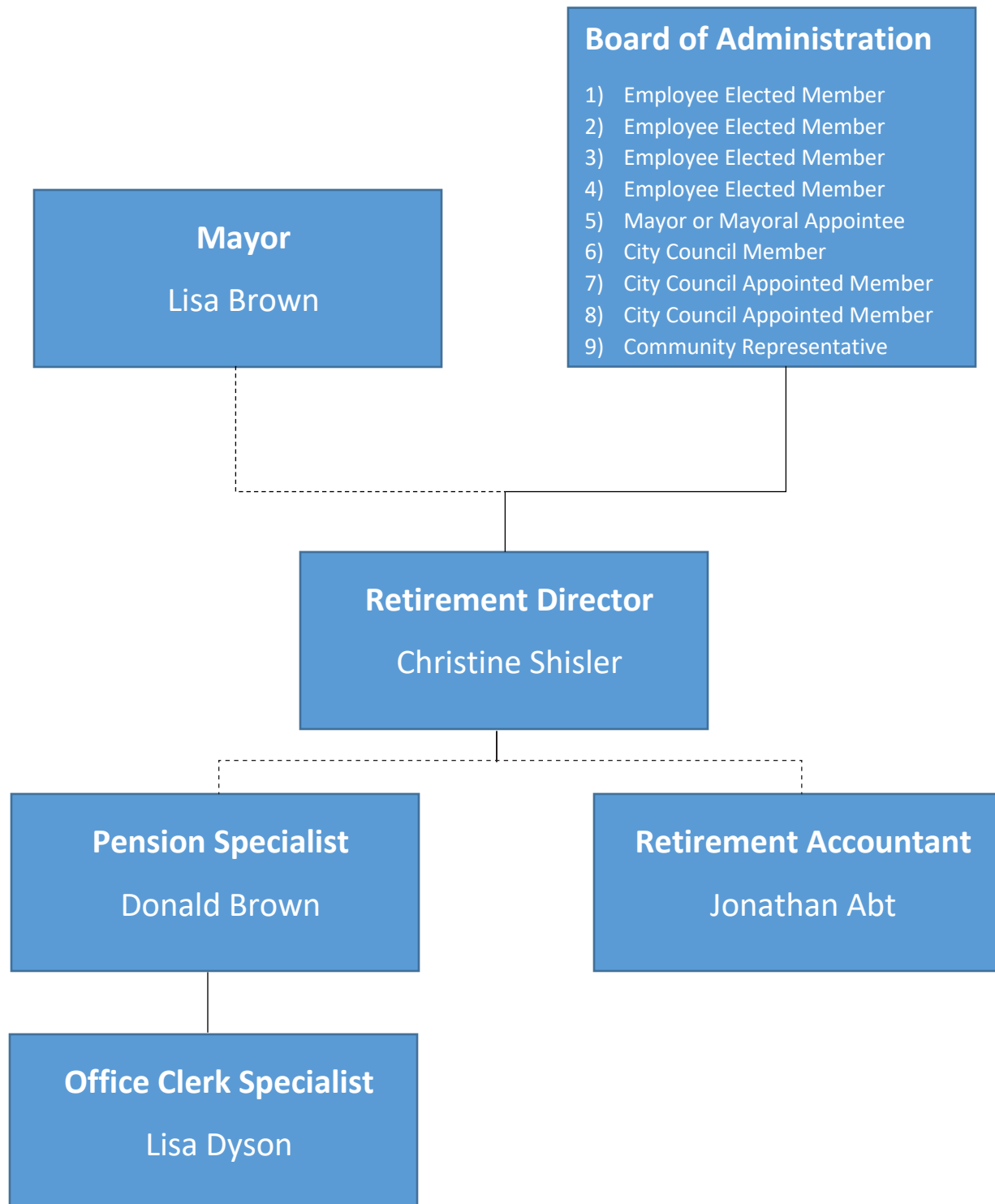
Christine Shisler	Retirement Director
Donald G. Brown	Pension Specialist
Jonathan Abt	Retirement Accountant
Lisa Dyson	Retirement Office Clerk Specialist
Timothy Szambelan	Legal Advisor

ADVISORY

Auditor	Baker Tilly
Actuary	SageView Consulting Group
OCIO/Investment Consultant	Hyas Group/Morgan Stanley
Custodian	US Bank
Legal Counsel	Ogletree, Deakins, Nash, Smoak & Stewart, PC

Organization Chart

Retirement Department



Description of Retirement System

The Spokane Employees' Retirement System (SERS) is a defined benefit pension plan that was established July 1, 1942. Membership in SERS is required for all permanent non-uniformed employees of the City of Spokane. SERS provides retirement, death, and disability benefits after a member has vested.

SERS is governed by a Board of Administration of nine members. Four employee members are elected by the SERS membership, two members are appointed by the City Council, the Mayor or Mayoral Appointee and a City Council Member. The ninth member is a community representative appointed by the other eight members and may not be an elected official or an employee of the City.

Member contributions are currently 11.00% of total salary-based compensation. Member contributions are deducted from the member's salary and paid into the retirement fund, with credit given to the specific member. The City makes an equivalent 11.00% contribution. The contribution rate changed to 11.0% for both the employees and the City effective December 24, 2023. The City's contributions are used for funding the overall plan.

This following contains a brief summary of the Retirement System; refer to the Summary of Benefit and Contribution Provisions contained in the Actuarial Section of this report for a more detailed explanation of the benefits.

If a member terminates service before vesting, their contributions plus interest are available for withdrawal. If the member is vested and eligible to retire, they can elect to withdraw their contributions or they can elect to receive a monthly pension. If a member is vested and not yet eligible to retire, they can withdraw their contributions or they can vest and receive a pension when they meet the retirement eligibility requirements.

If a member has vested and becomes totally and permanently disabled, the member may be eligible for a disability pension. If the disability is due to an injury incurred on the job, no minimum service is required. The amount of disability pension is calculated based on 1.25% of final average salary and service that would have been creditable had the member worked until normal retirement age.

For employees hired on or before December 31, 2008, their benefits vest with five-years of service. The normal retirement age is 50. The normal retirement benefit is calculated by multiplying 2.15% times the member's years of creditable service times their consecutive two-year monthly salary. Creditable service is capped at 30 years.

For those employees hired between January 1, 2009 and December 31, 2014, their benefits vest with five-years of service. The normal retirement age is 62, with early eligibility when the employee's age plus years of service equals 75. The normal retirement benefit is calculated by multiplying 2.0% times the member's years of creditable service times their consecutive two-year monthly salary. Creditable service is capped at 35 years.

For those employees hired between January 1, 2015 and December 31, 2017, their benefits vest with seven-years of service. The normal retirement age is 65, with early eligibility when the employee's age plus years of service equals 80. The normal retirement benefit is calculated by multiplying 2.0%

times the member's years of creditable service times their consecutive three-year monthly salary. Creditable service is capped at 35 years.

For those employees hired on or after January 1, 2018, their benefits vest with seven-years of service. The normal retirement age is 65, with early eligibility when the employee's age plus years of service equals 90 or upon completing 30 years of service and reaching age 50. The normal retirement benefit is calculated by multiplying 2.0% times the member's years of creditable service times their consecutive three-year monthly salary. Creditable service is capped at 40 years. Salary with overtime is capped at 120% for any given year.

There are a number of actuarially equivalent payment options that allow a retiree to provide benefits to his or her beneficiary with a reduction in monthly pension benefits.

SERVICE RETIREMENT OPTIONS

In each option, a pension is paid to the retiree for their lifetime. The options provide different types of a remaining cash balance, paid to a beneficiary, upon death of the retiree. Briefly, the options are as follows:

Normal Benefit The total pension is deducted each month from the retiree's total accumulated contributions, leaving any remaining balance to be paid to a beneficiary in one lump-sum upon the retiree's death.

Option "C" In case of death within the guaranteed period, a retiree's beneficiary receives the pension for the remainder of a pre-selected time period of 5, 10, 15, or 20 years.

Option "D" Upon the retiree's death, 50% of the pension is continued to the retiree's spouse for life.

Option "E" Upon the retiree's death, 100% of the pension is continued to retiree's spouse for life.

If a retiree elects options "C" through "E," their monthly pension is actuarially reduced to provide a total benefit equivalent to the Normal Benefit.

At the time of retirement, a retiree also has the option of withdrawing their contributions, with interest, in a lump-sum payment and foregoing all rights to any further benefits from SERS.

Additional information can be obtained at www.spokanesers.org

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Financial Section

Baker Tilly US, LLP
Independent Auditor's Report

Report of Independent Auditors

The Board of Administration
Spokane Employees' Retirement System

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Spokane Employees' Retirement System (Plan), a component unit of the City of Spokane, Washington, which comprise the statements of fiduciary net position as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of Spokane Employees' Retirement System as of December 31, 2025 and 2024, and the respective changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the Plan and do not purport to, and do not, present fairly the financial position of the City of Spokane, Washington, as of December 31, 2025 and 2024, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management discussion and analysis, schedule of changes in the employer net pension liability and related ratios, the schedule of employer contributions, and the schedule of investment returns, as identified in the table on contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The schedule of administrative expenses and schedule of investment expenses, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative expenses and schedule of investment expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2026 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



Spokane, Washington
May 27, 2026

Management Discussion and Analysis

Spokane Employees' Retirement System Management Discussion and Analysis

This section presents management's discussion and analysis of the Spokane Employees' Retirement System's (SERS, System, or Plan) financial performance during the year ended December 31, 2025. Please read it in conjunction with the accompanying financial statements and the related notes.

This report is prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board (GASB). Investments are stated at fair market value or net asset value and income includes the recognition of unrealized gains or losses. The accrual basis of accounting is used to record assets, liabilities, revenues, and expenses. Revenue recognition occurs when earned without regard to the date of collection. Expense recognition occurs when the corresponding liabilities are incurred, regardless of payment date. For ease of reading, the dollar amounts that appear in these narratives are typically rounded to the closest one thousand dollars. The basis of contributions to the System is the Entry Age Normal funding method, with current service contributions based on the normal contribution rate determined under the funding method and unfunded prior service amortized as a level percentage of covered payroll over a period of no more than 30 years in accordance with generally accepted accounting principles. SageView Consulting Group LLC, the System's actuary, evaluates the funding status of the System.

The financial section contains the following information:

1. **Basic Financial Statements** including:
 - a. Statements of fiduciary net position
 - b. Statements of changes in fiduciary net position
 - c. Notes to financial statements
2. **Required Supplementary Information** including:
 - a. Schedule of changes in the employer net pension liability and related ratios
 - b. Schedule of employer contributions
 - c. Schedule of investment returns
3. **Additional Supplementary Information** including:
 - a. Schedule of administrative expenses
 - b. Schedule of investment expenses

The basic financial statements are described as follows:

- The statements of fiduciary net position show the account balances at year end and include the net position available for future benefit payments. The Plan's net position is restricted to the payment as shown in the schedule of employers' net pension liability and related ratios.
- The statements of changes in fiduciary net position show the sources and uses of funds during the year corresponding to the change in net position from the previous year.
- The notes to the financial statements are an integral part of the financial statements and include additional detailed information and schedules to provide a better understanding of the financial statements.

Spokane Employees' Retirement System Management Discussion and Analysis

The required supplementary information provides historical data and projected obligations that reflect the long-term nature of the Plan and trends over time.

- Schedule of changes in the employer net pension liability and related ratios contains the items contributing to the changes in the pension liability and Plan's net position. Ratios comparing the unfunded liability to the Plan's net position and covered-payroll are also provided.
- Schedule of employer contributions contains a history of employee and employer contributions made to the Plan.
- Schedule of investment returns contains a history of the Plan's investment performance on a money-weighted basis.

Financial Highlights

- Net position restricted for pension end of year balance was \$407.3 million for 2025 and \$367.3 million for 2024, an increase of \$39.9 million (10.9%) during 2025, and it increased by \$25.1 million (7.3%) during 2024. Investments returned 13.6% in 2025, providing \$49.2 million of net investment income. The net outflows for benefit payments (benefit payments and refunds, less total contributions) were \$8.6 million.
- Total additions and changes in investments were \$81.5 million in 2025, compared to \$64.3 million addition in 2024. For 2025, revenue includes member and employer contributions of \$32.3 million and net investment gain of \$49.2 million. Net investment income, which fluctuates year-to-year depending on market conditions had an increase of \$16.6 million compared to a decrease of \$9.6 million in 2024. Member and employer contributions increased by \$518 thousand (1.6%) in 2025 compared to an increase of \$4.8 million (18.0%) in 2024.
- Total Plan expenses and pension benefit payments for 2025 were \$41.5 million, a 5.9% increase from 2024. Total expense amounts and fluctuations are primarily driven by pension benefit payments, which make up 96.0% of total expenses. Retiree benefits increased by \$2.1 million (5.5%) during 2025 and by \$1.7 million (4.7%) during 2024. Administrative expenses increased by \$168 thousand (34.5%) during 2025 compared to a decrease of \$87 thousand (-15.2%) in 2024.

Spokane Employees' Retirement System Management Discussion and Analysis

Financial Statements and Analysis

Changes in Plan Net Position

The table below provides a summary of the changes in Plan net position during the years ended December 31:

	2025	2024	2023
Additions and changes in investments			
Employer contributions	\$ 16,102,443	\$ 15,870,598	\$ 13,446,610
Plan member contributions	16,156,407	15,870,598	13,459,279
Net investment income	49,203,504	32,597,269	42,225,848
Total additions and changes in investments	81,462,354	64,338,465	69,131,737
Deductions			
Benefits	39,871,745	37,787,161	36,088,238
Refunds of contributions	1,019,988	956,431	1,378,166
Net administrative expenses	653,075	485,504	572,501
Total deductions	41,544,808	39,229,096	38,038,905
Net increase in net position	39,917,546	25,109,369	31,092,832
Net position restricted for pensions			
Beginning of year	367,341,343	342,231,974	311,139,142
End of year	\$ 407,258,889	\$ 367,341,343	\$ 342,231,974

Additions and Changes in Investments to Net Plan Position

- Employer contributions increased by \$232 thousand (1.5%) and Plan participant contributions increased by 1.8% (\$286 thousand) in 2025. In 2024, Employer contributions increased by 18.0% (\$2.4 million) and Plan participant contributions increased by 17.9% (\$2.4 million). Participant contributions may vary from employer contributions if rehired employees exercise their option to buy-back creditable service time from a prior withdrawal upon being rehired. Employer and participant contributions are driven by employees' salaries/wages and the contribution rate. The contribution rate remained at 11% of salary for both employees and employer for 2025 and 2024.

Spokane Employees' Retirement System Management Discussion and Analysis

- Net investment income was \$49.2 million in 2025, compared to an income of \$32.6 million in 2024. In 2025, the portfolio's annual return was 13.6% compared to 10.1% in 2024. Markets turned in another positive year in 2025. Within the Fixed Income space, returns averaged in the mid to upper single-digit range with 90-Day T-Bills returning 4.2%, the Bloomberg US Aggregate Bond Index returning 7.3%, and the Bloomberg US High Corporate Yield Index returning 8.6%. Equity markets reflected a higher degree of overall enthusiasm for greater fiscal and monetary policy support, particularly in the United States, with the S&P 500 Index returning 17.9% and MSCI All-Country World ex-USA Index returning 33.6%. Alternative assets also provided modest support for the year as indexes representing ranges of strategies (such as Conservative, Absolute Return, Equity Hedged, and others) generally provided single-digit performance for the year. Core Real Estate, as represented by the NCREIF OCDE Index was the most substantial underperformer, returning 2.9% for the year as commercial real estate valuations continued to deflate, albeit at lesser rates than in 2023, on the back of higher interest rates discounting valuations, and a dearth of demand. During the year, the SERS portfolio generated strong performance on an absolute and relative basis, returning 13.6% versus 13.9% for its policy benchmark. Manager selection within Hedge Funds and Real Estate was among the largest contributors for the year, particularly in the fourth quarter. In 2024, SERS transitioned to its Outsourced Chief Investment Officer (OCIO) model, wherein Morgan Stanley manages the portfolio directly within mutually determined Investment Policy Statement guidelines.

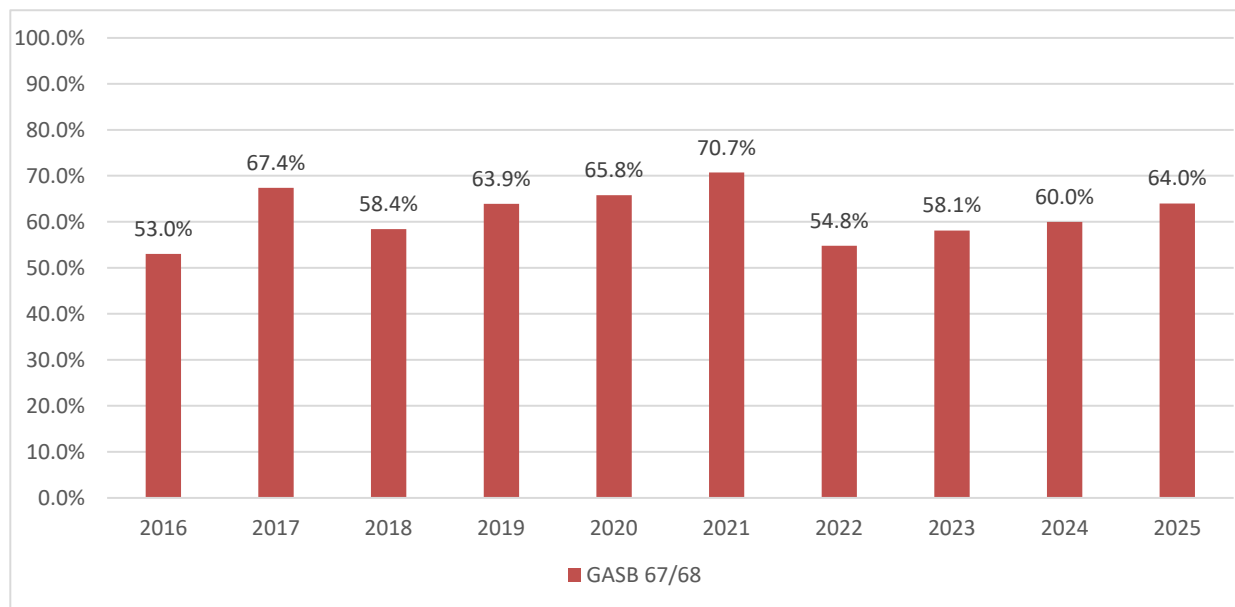
Deductions from Net Plan Assets

- Retiree benefits paid increased by \$2.1 million (5.5%) in 2025, and \$1.7 million (4.7%) in 2024 compared to the prior year. The number of retirees and beneficiaries increased by 19 (1.2%) in 2025 and by 41 (2.6%) in 2024. SERS' active member age is an average of 46.1 years old, which is a slight decrease from 46.3 in 2024. Similarly, average active participant service has remained relatively unchanged, increasing slightly from 10.04 years in 2024 to 10.05 years in 2025.
- Refunds of contributions increased by \$64 thousand (6.6%) in 2025, compared to a decreased by \$422 thousand (-30.6%) in 2024. Lump sum withdrawals from the Plan can fluctuate from year to year based on the number of participants that leave the system and the average size of withdrawal.
- Net administrative expenses include salaries and benefits for SERS staff, along with other costs associated with administering the Plan. These expenses are shown on the Schedule of Administrative Expenses. Staff and the SERS Board of Administration (Board) continue to be diligent about Plan operating expenses. The net administrative expenses were \$653 thousand, an increase of 34.5% compared to \$485 thousand in 2024. The increase of administrative expenses is primarily due to an increase in staffing and employee salaries and benefits. Administrative expenses represent only 1.6% of total annual expenditure and declined as a proportion of total assets to 0.16%.

Spokane Employees' Retirement System Management Discussion and Analysis

Funding Status

The Net Pension Liability (NPL) is the actuarial present value of benefits accrued, adjusted to reflect future changes based on the actuarial assumptions. The funded ratio compares the NPL to Plan assets.



Beginning in 2014, and reported retrospectively, the implementation of the GASB No. 67 resulted in a new method for measuring the future value of Plan liabilities. The discount rate for any funding shortfalls moved from the long-term assumed rate of return to the municipal bond borrowing rate for all points in time after fund assets are projected to be depleted. This change in methodology reduced the discount rate from 7.50% to 5.50%, which increased the value of the reported unfunded liability through 2016. The lower discount rate reduced the funding ratio from 69.3% to 58.2% in 2014, when GASB No. 67 was implemented for the Plan.

In 2017, a new tier was added to the Plan that reduced the normal cost for employees hired on or after January 1, 2018. In addition, the participant and employee contribution rates are now tied to the Actuarially Determined Contribution (ADC) rate as determined by the Plan's actuary in the annual valuation. These changes were sufficient to eliminate the projected depletion of assets and set the discount rate equal to the 7.50% assumed rate of return.

Funds are accumulated from employer and employee contributions and investment earnings and are used to pay present and future benefit obligations and administrative expenses. Starting December 24, 2023, active members contributed 11.0% of their salaries to the Plan and the City contributes 11.0%, for a total of 22.0% and continued for 2025. The current employer and employee contribution rate is expected to allow the Plan to gradually improve its funded position.

Spokane Employees' Retirement System Management Discussion and Analysis

Investment Activities

One-year returns on asset classes and comparative benchmarks are presented in the table below. The policy indices and benchmarks are in italics.

	Investment Return	
	2025	2024
Total portfolio	13.6%	10.0%
<i>Policy Index</i>	13.9%	7.9%
Capital Preservation		
Total Return Bonds	7.7%	1.3%
<i>Bloomberg US Aggregate Bond Index</i>	7.3%	1.3%
High Yield Bonds	8.3%	7.9%
<i>Bloomberg US Corporate High Yield Index</i>	8.6%	8.2%
Domestic Equity		
US Large Cap Equities	18.0%	24.9%
<i>S&P 500 Index</i>	17.9%	25.0%
US Small/Mid Cap Equities	8.3%	10.7%
<i>Russell 2500 Index</i>	11.9%	12.0%
International Equity		
International Developed	30.0%	5.4%
<i>MSCI EAFE (net)</i>	31.2%	3.8%
Emerging Market Equities	26.7%	3.0%
<i>MSCI Emerging Markets (net)</i>	33.6%	7.5%
Hedge Funds	9.6%	13.5%
<i>HFRX Global Hedge Fund Index</i>	7.1%	5.3%
Hedge Funds - Absolute Return	7.3%	11.5%
<i>HFRX Absolute Return Index</i>	5.6%	4.9%
Hedge Funds - Equity Hedge	16.8%	15.1%
<i>HFRX Equity Hedge Index</i>	10.0%	7.8%
Hedge Funds - Equity Return	4.5%	12.9%
<i>HFRX Event Driven Index</i>	5.9%	3.7%
REITs	2.6%	8.0%
<i>FTSE NAREIT All REITs Index</i>	1.7%	4.3%
Real Estate	3.7%	4.9%
<i>NCREIF ODCE VW NET</i>	2.9%	-2.3%
Private Credit	6.2%	-33.6%
<i>S&P UBS Leveraged Loan Index</i>	5.9%	9.0%

The investments of the System are governed by the "prudent investor rule." The prudent investor rule, as set forth by state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the fund.

Spokane Employees' Retirement System Management Discussion and Analysis

The System is a long-term investor with a perpetual investment horizon, anticipating ongoing investment cycles with both good and bad years for financial markets. Investments are diversified to reduce investment risk and mitigate the risk of underperforming the actuarial rate of return. While annual market performance is unlikely to match the actuarial rate of return in any given year, long-term returns are expected to be in line with the assumption based on the diversified nature of the portfolio. Each alternative investment that SERS enters into has been carefully studied by the System's OCIO and independent investment consultant. The asset allocation study that was modeled by the independent consultant and completed in 2024 demonstrated that alternative assets have low correlations to traditional asset classes and are expected to add value to the portfolio over time. The OCIO and Board believe the use of alternative investments increases the expected return and reduces the risk of the Plan compared to investing only in traditional asset classes.

Contacting the Spokane Employees' Retirement System

If you have questions about this report or need additional information, please contact:

Spokane Employees' Retirement System
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808 W. Spokane Falls Blvd.
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www.spokanesers.org
509.625.6330

Financial Statements

Spokane Employees' Retirement System
Statements of Fiduciary Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash	\$ 307,922	\$ 258,353
Short-term investments	<u>7,666,898</u>	<u>4,665,424</u>
Total cash and short-term investments	<u>7,974,820</u>	<u>4,923,777</u>
Receivables		
Investment income	472,930	362,278
Other	<u>-</u>	<u>1,546</u>
Total receivables	<u>472,930</u>	<u>363,824</u>
Investments	398,979,045	362,178,819
Capitalized software, net	<u>105,894</u>	<u>123,543</u>
Total assets	<u><u>\$ 407,532,689</u></u>	<u><u>\$ 367,589,963</u></u>
Liabilities		
Payables		
Accounts payable	\$ 123,135	\$ 139,872
Employee salaries and benefits	18,725	15,021
Compensated absences	120,553	82,340
Other liabilities	<u>11,387</u>	<u>11,387</u>
Total liabilities	<u>273,800</u>	<u>248,620</u>
Net position restricted for pensions	<u><u>\$ 407,258,889</u></u>	<u><u>\$ 367,341,343</u></u>

See accompanying notes.

Spokane Employees' Retirement System
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Additions and changes in investments		
Contributions		
Employer	\$ 16,102,443	\$ 15,870,598
Member	<u>16,156,407</u>	<u>15,870,598</u>
Total contributions	<u>32,258,850</u>	<u>31,741,196</u>
Investment income		
Net appreciation in fair value of investments	44,262,856	26,621,106
Interest and dividends	5,573,772	6,479,655
Less investment expense	<u>(633,124)</u>	<u>(503,492)</u>
Net investment income	<u>49,203,504</u>	<u>32,597,269</u>
Total additions and changes in investments	<u>81,462,354</u>	<u>64,338,465</u>
Deductions		
Benefit payments	39,871,745	37,787,161
Refunds of member contributions	1,019,988	956,431
Administrative expenses, net of administrative income	<u>653,075</u>	<u>485,504</u>
Total deductions	<u>41,544,808</u>	<u>39,229,096</u>
Net increase in net position	39,917,546	25,109,369
Net position restricted for pensions		
Beginning of year	<u>367,341,343</u>	<u>342,231,974</u>
End of year	<u>\$ 407,258,889</u>	<u>\$ 367,341,343</u>

See accompanying notes.

Spokane Employees' Retirement System

Notes to Financial Statements

Note 1 – Plan Description

Plan administration – The Spokane Employees' Retirement System (SERS, System, or Plan) is a single-employer defined benefit pension plan covering employees of the City of Spokane (City), administered in accordance with Chapters 3.05 and 4.14 of the Spokane Municipal Code (SMC).

SERS is a pension trust fund of the City and is presented as a blended component unit within the fiduciary fund of the City's annual comprehensive financial report. SERS has separate legal standing. The City is financially accountable for SERS because a financial burden is imposed on the City using the criteria of financial accountability. SERS has determined there are no entities that require inclusion within its financial statements.

All permanent employees of the City, including employees of the Plan, are eligible to belong to SERS with the exception of elected officials, who may opt out of the Plan, and police and firefighters, who are members of the State Law Enforcement Officers and Firefighters' Retirement System. Additionally, certain SERS members that moved to Spokane Regional Emergency Communications (SREC) are eligible to remain in SERS. Such members have the same benefits, eligibility requirements, and contribution rates as current SERS members.

Management of SERS is vested in the SERS Board of Administration (Board), which consists of nine members: four members are elected by active employee Plan members, two members are appointed by the Spokane City Council, one City Council Member, one board member (Mayor or Mayor's designee) and one member (who may not be an elected official or employee of the City) is appointed by the other eight Board members.

Reporting entity – The accompanying financial statements present only the Plan, a component unit of the City, and are not intended to present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows in accordance with accounting principles generally accepted in the United States of America.

Plan membership – At December 31, 2025 and 2024, pension Plan membership consisted of the following:

	<u>2025</u>	<u>2024</u>
Retirees or beneficiaries currently receiving benefits	1,649	1,630
Inactive plan members entitled to but not yet receiving benefits	172	169
Active plan members	<u>1,627</u>	<u>1,603</u>
	<u><u>3,448</u></u>	<u><u>3,402</u></u>

Benefits provided – SERS provides retirement, death, and disability benefits. All employees hired before January 1, 2009, who participate in SERS, are eligible for service retirement after completing five years of service if they are age 50 or older. Their retirement benefits are calculated by multiplying 2.15% of the member's highest consecutive two-year average salary by the member's years of creditable service, not to exceed 64.5%. Employees hired prior to January 1, 2009, may retire under the terms of a subsequent tier if it provides a greater benefit.

Spokane Employees' Retirement System

Notes to Financial Statements

All employees hired between January 1, 2009, and December 31, 2014, who participate in SERS, are eligible for service retirement after completing five years of service and reaching the normal retirement age of 62. This group of employees may retire early with full benefits if they reach age 50 and their age, plus years of service, total to 75. Retirement benefits are calculated by multiplying 2.00% of the member's highest consecutive two-year average salary by the member's years of creditable service, to a maximum of 70.0%. In addition, the employees hired between January 1, 2009, and December 31, 2014, may retire under the terms of a subsequent tier if it provides a greater benefit.

All employees hired between January 1, 2015, and December 31, 2017, who participate in SERS, are eligible for service retirement after completing seven years of service and reaching the normal retirement age of 65. This group of employees may retire early, with full benefits, if they reach age 50 and their age, plus years of service, total to 80. Retirement benefits are calculated by multiplying 2.00% of the member's highest consecutive three-year average salary by the member's years of creditable service, to a maximum of 70.00%. Employees hired between January 1, 2015, and December 31, 2017, may retire under the terms of a subsequent tier if it provides a greater benefit.

All employees hired on or after January 1, 2018, who participate in SERS, are eligible for service retirement after completing seven years of service and reaching the normal retirement age of 65. Early retirement, with no reduction of benefits, may be elected when an employee's age plus years of service total to 90 or if they are age 50 or older and complete 30 years of service. A reduced retirement may be elected with benefits reduced by 2.5% per year for each year before the member would be eligible for full retirement. Retirement benefits are calculated by multiplying 2.00% of the member's highest consecutive three-year average salary by the member's years of creditable service, with an annual cap on overtime plus base pay equal to 120% of base pay. The maximum retirement factor is 80.0%.

For all employee groups, benefits may be reduced on an actuarially equivalent basis according to the retirement annuity option selected for themselves and their beneficiaries.

The Board considers issuing an ad hoc adjustment for retiree benefits each year. The Board can grant an ad hoc adjustment if the funded ratio is 90% or greater and remains above 90% after the ad hoc adjustment is granted. The funded ratio was less than 90% as of December 31, 2025. The last ad hoc retiree adjustment occurred in 2001. Based on the current funded ratio, the Plan does not anticipate making ad hoc adjustments for the foreseeable future. It will take continued favorable experience in the investment markets or an increase in contribution levels to raise the funded ratio above the ad hoc threshold.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements were prepared using the accrual basis of accounting. Employee and employer contributions are recorded as revenues in the period in which payroll is due and expenses are recorded when the corresponding liabilities are incurred. Interest income is recognized when earned and dividend income is recognized on the ex-dividend date.

Use of estimates – In preparing the Plan's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Spokane Employees' Retirement System

Notes to Financial Statements

Methods used to value investments – All fixed income, common stock, and short-term investments are listed at fair market value. Fixed income securities and common stock traded on national exchanges are valued at fair market value based on the closing price of the securities. Investments that do not have an established market are reported at estimated fair value.

Investment fees represent cash payments made to money managers and other investment professionals. Certain investments, such as mutual funds and limited partnerships, net their management fees before the fund itself reports net investment income for the period and are not reflected in this schedule. However, these investment expenses are netted against investment income in the statement of changes in fiduciary net position to arrive at a net investment income amount.

Investments are exposed to various risks, such as interest rate, market, credit, and regulatory risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect total net position and the amounts reported in the statements of fiduciary net position.

Note 3 – Deposits and Investments

Deposits – The Federal Deposit Insurance Corporation (FDIC) insures the cash deposits up to \$250,000 per depositor. As provided by State of Washington RCW 43.84, the Washington Public Deposit Protection Commission (PDPC) collateralizes deposits in excess of \$100,000.

Investment policy – The Plan's policy regarding the allocation of invested assets is established, and may be amended, by a majority vote of the Board. It is the policy of the Board to pursue an investment strategy that meets the projected return requirements while minimizing volatility by diversifying the portfolio across a broad selection of distinct asset classes. The Plan's investment policy limits the use of cash equivalents to meet liquidity requirements and reviews rebalancing needs at least quarterly. In March 2023, the investment policy was reviewed and approved by the Board.

The following was the Board's target asset allocation as of December 31, 2025 and 2024:

Asset Class	Target Allocation	
	2025	2024
Capital Preservation	25%	25%
Domestic Equities	25%	25%
International Equities	20%	20%
Long Biased	0%	0%
Private Credit	3%	3%
Private Equity	3%	3%
Real Estate	8%	8%
Master Limited Partnerships	2%	2%
Hedge Funds	14%	14%
Total	100%	100%

Spokane Employees' Retirement System

Notes to Financial Statements

Rate of return – For the years ended December 31, 2025 and 2024, the annual money-weighted rate of return on pension Plan investments, net of pension Plan investment expense, was 13.6% and 10.0%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investments – Investments of the pension trust funds are reported at fair value. The Board maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. The investment policy sets strategic asset allocation targets and ranges for all approved asset classes. SERS investments are governed by an investment standard known as the “prudent person rule.” The prudent person rule, as set forth by state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the Plan.

In fulfilling its responsibilities, the Board has contracted with investment managers, a custodian, an independent investment consultant and an outsourced chief investment officer (OCIO). Investment manager contracts include specific guidelines regarding the investments under management. All investments are held in custody. The OCIO and independent investment consultant monitor the fund on a regular basis and provides quarterly reports to staff and the Board.

The Board has an asset allocation policy that includes allocations to alternative investments. The term “alternative investments” encompasses a broad category of investments other than traditional asset classes of equities, fixed income, and real estate. Funding of these investments began in 2007 and continues on an ongoing basis.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. Although the SERS Investment Policy does not specifically address credit risk, this risk is mitigated by closely monitoring the credit quality ratings of its fixed income portfolios and by setting criteria for fixed income manager selection.

The table below shows the System's investments by investment type, market value, and credit rating as of December 31, 2025:

Asset	Fair Value	AAA	Investment Type			BBB	Not Rated
			AA	A			
Fixed income mutual funds	\$ 8,588,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,588,437
Corporate notes and bonds	13,905,372	321,631	1,303,166	8,912,507	3,368,068	-	-
Asset-backed securities	2,618,084	1,299,217	775,071	-	-	-	543,796
Governmental CMOs	15,156,924	-	-	-	-	-	15,156,924
Municipal bonds	600,033	437,887	157,530	4,616	-	-	-
Mortgage-backed governmental passthrough	1,453,736	81,662	-	-	-	-	1,372,074
U.S. government treasuries	6,688,473	-	-	-	-	-	6,688,473
	<u>\$ 49,011,059</u>	<u>\$ 2,140,397</u>	<u>\$ 2,235,767</u>	<u>\$ 8,917,123</u>	<u>\$ 3,368,068</u>		<u>\$ 32,349,704</u>

Spokane Employees' Retirement System

Notes to Financial Statements

The table below shows the System's investments by investment type, market value, and credit rating as of December 31, 2024:

Asset	Fair Value	Investment Type				
		AAA	AA	A	BBB	Not Rated
Fixed income mutual funds	\$ 16,938,095	\$ -	\$ -	\$ -	\$ -	\$ 16,938,095
Corporate notes and bonds	12,119,117	241,412	597,934	5,442,927	5,768,128	68,716
Asset-backed securities	3,970,428	1,519,941	676,190	-	-	1,774,297
Governmental CMOs	13,325,771	-	342,144	-	-	12,983,627
Municipal bonds	569,950	412,104	153,552	4,294	-	-
Mortgage-backed governmental passthrough	1,644,279	81,322	-	-	-	1,562,957
U.S. government treasuries	6,228,886	-	-	-	-	6,228,886
	<u>\$ 54,796,526</u>	<u>\$ 2,254,779</u>	<u>\$ 1,769,820</u>	<u>\$ 5,447,221</u>	<u>\$ 5,768,128</u>	<u>\$ 39,556,578</u>

Concentration of credit risk – SERS has no individual holdings by an issuer that represent five percent or more of SERS' investments at December 31, 2025. SERS' holdings in organizations that manage five percent or more of the Plan's fiduciary net position were:

Organization	2025 % of Net Position
State Street Global Advisors	29.7%
Loomis Sayles	11.6%
Segal Bryant	9.9%
Artisan Partners	5.0%
American Funds	5.0%

Custodial credit risk – Custodial credit risk is the risk that in the event of a financial institution or bank failure, SERS would not be able to recover the value of its deposits and investments that are in the possession of an outside party. Cash and short-term investments include securities with a maturity date of three months or less. SERS mitigates its custodial credit risk by having its investment securities held by a custodian (US Bank) with the investments registered in SERS' name. Also, in accordance with the SERS' Investment Policy Statement, each of SERS investment managers is provided with a set of investment guidelines. These guidelines specify eligible investments, minimum diversification standards and applicable investment restrictions necessary for diversification and risk control. Managers do not have the authority to depart from their guidelines. As of December 31, 2025, 100% of the SERS cash and investments were held in the SERS' name and, therefore, SERS has no custodial credit risk exposure.

Interest rate risk – Interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Although the SERS Investment Policy does not specifically limit interest rate risk, the System's fixed income portfolio is professionally managed with an expected range of interest rate risk within the portfolio. In addition, the portfolio is closely monitored by the independent consultant and the staff.

Spokane Employees' Retirement System

Notes to Financial Statements

The table below shows the System's fixed income assets by investment type, average effective maturity, and market value as of December 31, 2025:

Asset	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Fixed income mutual funds	\$ 8,588,437	\$ 8,588,437	\$ -	\$ -	\$ -
Corporate notes and bonds	13,905,372	838,657	4,991,406	6,101,169	1,974,140
Asset-backed securities	2,618,084	275,891	1,386,912	499,179	456,102
Governmental CMOs	15,156,924	-	-	34,781	15,122,143
Municipal bonds	600,033	-	339,672	174,140	86,221
Mortgage-backed governmental passthrough	1,453,736	-	367,862	173,335	912,539
U.S. government treasuries	6,688,473	956,350	-	1,376,335	4,355,788
	<u>\$ 49,011,059</u>	<u>\$ 10,659,335</u>	<u>\$ 7,085,852</u>	<u>\$ 8,358,939</u>	<u>\$ 22,906,933</u>

The table below shows the System's fixed income assets by investment type, average effective maturity, and market value as of December 31, 2024:

Asset	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Fixed income mutual funds	\$ 16,938,095	\$ 16,938,095	\$ -	\$ -	\$ -
Corporate notes and bonds	12,119,117	937,358	3,807,457	4,708,072	2,666,230
Asset-backed securities	3,970,428	-	2,371,110	755,462	843,856
Governmental CMOs	13,325,771	-	-	123,573	13,202,198
Municipal bonds	569,950	-	-	487,952	81,998
Mortgage-backed governmental passthrough	1,644,279	-	458,206	165,271	1,020,802
U.S. government treasuries	6,228,886	496,528	267,019	1,673,955	3,791,384
	<u>\$ 54,796,526</u>	<u>\$ 18,371,981</u>	<u>\$ 6,903,792</u>	<u>\$ 7,914,285</u>	<u>\$ 21,606,467</u>

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. At December 31, 2025 and 2024, 21.0% and 23.2%, respectively, of the System's portfolio is invested in foreign issued securities, which primarily consist of equities, fixed income, and alternative investments. The SERS Investment Policy does not specifically address foreign currency risk; however, the System considers foreign currency risk during the selection and monitoring process of fund managers. The fair market values of the foreign investments as of December 31, 2025, were:

	Total Investments	U.S. Issues	Foreign Issues	% Foreign
Short-term investments (cash equivalents)	\$ 7,666,898	\$ 7,666,898	\$ -	0.0%
Fixed income	49,011,059	47,620,628	1,390,431	1.0%
Equities	195,807,056	128,076,746	67,730,310	34.6%
Real estate	26,126,386	26,126,386	-	0.0%
Alternatives	128,034,544	111,880,874	16,153,670	24.2%
Total	<u>\$ 406,645,943</u>	<u>\$ 321,371,532</u>	<u>\$ 85,274,411</u>	<u>21.0%</u>

Spokane Employees' Retirement System

Notes to Financial Statements

The fair market values of the foreign investments as of December 31, 2024, were:

	Total Investments	U.S. Issues	Foreign Issues	% Foreign
Short-term investments (cash equivalents)	\$ 4,665,424	\$ 4,665,424	\$ -	0.0%
Fixed income	54,796,526	54,265,044	531,482	1.0%
Equities	57,045,873	23,187,044	33,858,829	34.6%
Real estate	28,119,632	28,119,632	-	0.0%
Alternatives	222,216,788	171,456,203	50,760,585	24.2%
Total	\$ 366,844,243	\$ 281,693,347	\$ 85,150,896	23.2%

Note 4 – Pension

The components of the employer net pension liability as of December 31, 2025 and 2024, are:

	2025	2024
Total pension liability	\$ 636,771,999	\$ 612,123,157
Plan fiduciary net position	407,258,889	367,341,343
Employer net pension liability	<u>\$ 229,513,110</u>	<u>\$ 244,781,814</u>
Plan fiduciary net position as a percentage of the total pension liability	63.96%	60.01%

Actuarial assumptions are adopted by the Board, upon review of recommendations made by the actuary. An experience study was conducted for the five-year period ended December 31, 2021. This study resulted in the Board adopting several changes in assumptions as of December 31, 2022, at the recommendation of the actuary, in order to better anticipate emerging experience under the System.

Changes in assumption include the mortality tables changed from RP-2000 Fully Generational in 2021 to PUB-2010 with ages set forward two years for males and one year for females using Projection Scale MP-2021 in 2022. The inflation rate remained consistent at 2.5% in 2025 and 2024. Additionally, the annual payroll growth rate remained consistent at 3.5% in 2025 and 2024.

Spokane Employees' Retirement System

Notes to Financial Statements

The long-term expected rate of return – The long-term expected rate of return on pension plan investments was determined using statistical methods to determine the best-estimate future real rate of return (net of pension plan investment expense and inflation) based on long-term performance of the major asset classes. As of December 31, 2025 and 2024, the expected long-term rate of return is estimated to be 7.5%, net of inflation. These returns are used to determine the estimated portfolio return based on the target asset allocation percentage of each asset class. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation for the years ended December 31, 2025 and 2024, are summarized in the following table:

Asset Class	2025		2024	
	Long-Term Expected Real Rate of Return	Nominal Return	Long-Term Expected Real Rate of Return	Nominal Return
Domestic Equities	5.91%	8.41%	5.90%	8.40%
Capital Preservation	1.59%	4.09%	1.61%	4.11%
International Equities	4.90%	7.40%	4.91%	7.41%
Long Biased	3.93%	6.43%	3.93%	6.43%
Private Credit	5.50%	8.00%	5.50%	8.00%
Real Estate	3.50%	6.00%	3.50%	6.00%
Inflation		2.50%		2.50%

Discount rate – As of December 31, 2024, the discount rate for calculating the total pension liability is 7.5%, based on the long-term expected rate of return, net of investment expenses. The projection of cash flows used to determine the Fund's discount rate assumes that member and employer contributions will continue at current statutory levels. Plan member contributions will be made at the current 11.0% contribution rate, which went into effect December 24, 2023, and that City contributions will be made at the same rate.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of SERS, calculated using the discount rate of 7.5%, as well as what SERS' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer net pension liability	\$ 296,667,449	\$ 229,513,110	\$ 172,377,639

Spokane Employees' Retirement System

Notes to Financial Statements

Note 5 – Fair Value Measurement

Investments measured and reported at fair value are classified according to the following hierarchy, in accordance with Governmental Accounting Standards Board (GASB) Statement 72 – *Fair Value Measurement and Application*:

Level 1 – Quoted prices for an identical asset in an active market.

Level 2 – Quoted prices for an identical asset in an inactive market and market values where prices are determined using observable inputs.

Level 3 – Market value where prices are determined using unobservable inputs.

NAV – Net Asset Value (NAV) is used as a practical expedient where the investment does not have a readily determinable fair value.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Equity investments classified as Level 1 in the fair value hierarchy are valued directly from a predetermined primary external pricing vendor.

Fixed income investments classified as Level 1 in the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Fixed income investments classified as Level 2 represent quoted prices for similar assets.

The following table presents fair value measurements as of December 31, 2025:

	Fair Value	Level 1	Level 2	Level 3	NAV
Short-term investments (cash equivalents)	<u>\$ 7,666,898</u>	<u>\$ 7,666,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Income					
U.S. government	23,299,133	23,299,133	-	-	-
U.S. corporate fixed income	13,682,969	-	13,682,969	-	-
International fixed income	222,403	-	222,403	-	-
Asset-backed securities	2,618,084	-	2,618,084	-	-
Municipal bonds	600,033	-	600,033	-	-
Fixed income mutual funds	8,588,437	8,588,437	-	-	-
Total fixed income	<u>49,011,059</u>	<u>31,887,570</u>	<u>17,123,489</u>	<u>-</u>	<u>-</u>
Equities					
U.S. common stock	16,569,237	16,569,237	-	-	-
International common stock	1,418,025	1,418,025	-	-	-
Equity mutual funds	50,061,002	50,061,002	-	-	-
Total equities	<u>68,048,264</u>	<u>68,048,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
Real estate	26,126,386	8,600,437	-	-	17,525,949
Alternatives	<u>255,793,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,793,336</u>
Total investments	<u>\$398,979,045</u>	<u>\$108,536,271</u>	<u>\$ 17,123,489</u>	<u>\$ -</u>	<u>\$273,319,285</u>

Spokane Employees' Retirement System

Notes to Financial Statements

The following table presents fair value measurements as of December 31, 2024:

	Fair Value	Level 1	Level 2	Level 3	NAV
Short-term investments (cash equivalents)	<u>\$ 4,665,424</u>	<u>\$ 4,665,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Income					
U.S. government	21,198,936	21,198,936	-	-	-
U.S. corporate fixed income	11,587,635	-	11,587,635	-	-
International fixed income	531,482	-	531,482	-	-
Asset-backed securities	3,970,428	-	3,970,428	-	-
Municipal bonds	569,950	-	569,950	-	-
Fixed income mutual funds	16,938,095	16,938,095	-	-	-
Total fixed income	<u>54,796,526</u>	<u>38,137,031</u>	<u>16,659,495</u>	<u>-</u>	<u>-</u>
Equities					
U.S. common stock	14,618,777	14,618,777	-	-	-
International common stock	1,184,505	1,184,505	-	-	-
Equity mutual funds	41,242,591	41,242,591	-	-	-
Total equities	<u>57,045,873</u>	<u>57,045,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
Real estate	28,119,632	8,391,329	-	-	19,728,303
Alternatives	<u>222,216,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,216,788</u>
Total investments	<u>\$362,178,819</u>	<u>\$103,574,233</u>	<u>\$ 16,659,495</u>	<u>\$ -</u>	<u>\$241,945,091</u>

The valuation method for investments measured at the NAV per share, or equivalent, at December 31, 2025 and 2024, is presented in the tables below:

2025				
	Net Asset Value (NAV)	Unfunded Commitments	Redemption Frequency	Redemption Notice
Commingled equity funds	\$ 146,790,008	\$ -	Daily	N/A
Commingled fixed income funds	54,645,339	-	Daily	N/A
Hedge funds	49,450,121	4,292,905	N/A, monthly, quarterly, semi-annually	30-90 days
Real estate funds	17,525,949	1,010,752	N/A, quarterly with queue	90 days
Fixed income funds	4,907,868	-	Quarterly	90 days
Total investments valued at NAV	<u>\$ 273,319,285</u>	<u>\$ 5,303,657</u>		
2024				
	Net Asset Value (NAV)	Unfunded Commitments	Redemption Frequency	Redemption Notice
Commingled equity funds	\$ 120,486,236	\$ -	Daily	N/A
Commingled fixed income funds	38,994,992	-	Daily	N/A
Equity funds	549,137	-	Monthly, annually	15-90 days
Hedge funds	47,625,195	5,332,500	N/A, monthly, quarterly, semi-annually	30-90 days
Real estate funds	19,728,303	1,010,752	N/A, quarterly with queue	90 days
Fixed income funds	14,561,228	-	Quarterly	90 days
Total investments valued at NAV	<u>\$ 241,945,091</u>	<u>\$ 6,343,252</u>		

Commingled equity funds – Ten funds that invest primarily in domestic and international equity markets. The commingled equity funds are valued at net asset value of units held based on underlying holdings.

Commingled fixed income funds – Two funds that invest primarily in the domestic bond markets. The commingled fixed income funds are valued at net asset value of units held based on underlying holdings.

Spokane Employees' Retirement System

Notes to Financial Statements

Hedge funds – Five hedge funds that invest long and short to generate outsize risk-adjusted returns. One fund that seeks to generate consistent positive returns with low volatility and low net market exposure. Two funds that invests across fundamental equity, quantitative strategies, equity arbitrage, and fixed income and commodities. Two funds that invest in private credit.

Real estate funds – Four funds that invest primarily in commercial real estate properties and debt instruments. The fair values of these funds have been determined using net assets valued based on the appraised value of the holdings. Four funds are not eligible for redemption with distributions received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years. One fund allows for quarterly redemptions subject to a queue and provides quarterly distributions based on the net operating profit of the properties owned.

Fixed income funds – Two funds that invest in less liquid or distressed debt securities. All funds unit net asset value is based on the value of the underlying holdings.

Note 6 – Contributions Required and Contributions Made

Member and employer contribution rates are established by City Code, Chapter 4.14. Effective December 24, 2023, member contributions are 11.0% of eligible compensation and are deducted from the member's salary and paid into the retirement fund; the City contributes 11.0% of eligible compensation for a combined total of 22.0%. Member and employer contribution rates are established by City Code, Chapter 4.14.

Contribution rates are reviewed annually to determine if they meet the Actuarially Determined Contribution (ADC). If the contribution rate is less than the ADC, the contribution rate shall be increased by up to 1.0% per year for both the employee and employer. It is contemplated that over the long term, the contribution by the City will, when added to the member's contribution, plus other revenues, be enough to properly fund the retirement benefits set forth.

Required Supplementary Information

Spokane Employees' Retirement System

Schedule of Changes in the Employer Net Pension Liability and Related Ratios

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 15,220,560	\$ 15,132,382	\$ 13,955,416	\$ 10,676,035	\$ 10,379,208	\$ 10,326,519	\$ 9,814,459	\$ 9,397,166	\$ 13,133,393	\$ 12,896,547
Interest	44,403,519	42,788,075	41,179,698	38,404,746	37,498,043	36,091,730	34,666,267	33,296,148	29,336,782	27,443,176
Changes of benefit terms	-	-	-	-	-	-	-	-	165,092	-
Differences between expected and actual experience	5,916,496	1,945,360	4,403,357	13,014,651	(675,673)	5,368,635	5,866,404	5,291,272	(3,830,239)	12,381,445
Changes of assumptions	(40,891,733)	-	-	11,760,337	(33,997,369)	(32,108,873)	(30,600,302)	(28,863,766)	(76,976,691)	(14,542,266)
Benefit payments, including refunds of member contributions	(40,891,733)	(38,743,592)	(37,466,404)	(36,288,077)	(33,997,369)	(32,108,873)	(30,600,302)	(28,863,766)	(27,443,693)	(26,467,256)
Net change in total pension liability	24,648,842	22,593,907	22,072,067	37,587,692	13,204,209	19,678,011	19,746,828	19,120,820	(65,615,356)	11,711,646
Total pension liability—beginning	612,123,157	589,529,250	567,457,183	529,869,491	516,665,282	496,987,271	477,240,443	458,119,623	523,734,979	512,023,333
Total pension liability—ending (a)	\$ 636,771,999	\$ 612,123,157	\$ 589,529,250	\$ 567,457,183	\$ 529,869,491	\$ 516,665,282	\$ 496,987,271	\$ 477,240,443	\$ 458,119,623	\$ 523,734,979
Plan fiduciary net position										
Contributions—employer	\$ 16,102,443	\$ 15,870,598	\$ 13,446,610	\$ 11,863,726	\$ 11,519,708	\$ 10,659,281	\$ 9,824,717	\$ 9,187,420	\$ 8,113,319	\$ 7,586,365
Contributions—member	16,156,407	15,870,598	13,459,279	11,931,102	11,519,708	10,659,281	9,827,760	9,188,781	8,113,319	7,586,362
Net investment income (loss)	49,203,504	32,597,269	42,225,848	(50,241,335)	46,166,835	33,795,088	50,166,728	(18,715,945)	43,085,572	16,802,274
Benefit payments, including refunds of member contributions	(40,891,733)	(38,743,592)	(37,466,404)	(36,288,077)	(33,997,369)	(32,108,873)	(30,600,302)	(28,863,766)	(27,443,693)	(26,467,256)
Administrative expense	(653,075)	(485,504)	(572,501)	(679,519)	(603,645)	(619,135)	(555,763)	(554,484)	(563,078)	(477,252)
Net change in plan fiduciary net position	39,917,546	25,109,369	31,032,832	(63,394,103)	34,605,237	22,385,642	38,663,140	(29,757,994)	31,305,439	5,030,493
Plan fiduciary net position—beginning	367,341,343	342,231,974	311,139,142	374,533,245	339,928,008	317,542,366	278,879,226	308,637,220	277,331,784	272,301,291
Plan fiduciary net position—ending (b)	\$ 407,258,889	\$ 367,341,343	\$ 342,231,974	\$ 311,139,142	\$ 374,533,245	\$ 339,928,008	\$ 317,542,366	\$ 278,879,226	\$ 308,637,220	\$ 277,331,784
Employer net pension liability—ending (a) – (b)	\$ 229,513,110	\$ 244,781,814	\$ 247,297,276	\$ 256,318,041	\$ 155,336,246	\$ 176,737,274	\$ 179,444,905	\$ 198,361,217	\$ 149,482,403	\$ 246,403,195
Plan fiduciary net position as a percentage of the total pension liability	63.96%	60.00%	58.10%	54.80%	70.70%	65.80%	63.90%	58.40%	67.40%	53.00%
Covered payroll, as of December 31	\$ 153,718,749	\$ 144,222,169	\$ 139,760,331	\$ 126,830,000	\$ 116,866,751	\$ 112,984,469	\$ 111,746,539	\$ 107,017,146	\$ 102,844,614	\$ 102,378,550
Employer net pension liability as a percentage of covered payroll	149.3%	169.7%	176.9%	202.1%	132.9%	156.4%	160.6%	185.4%	145.3%	240.7%

Notes to Schedule:

Legislative and administrative changes: The contribution rate for all participants and the City increased to 11.0% on December 24, 2023 from 10.25%. The contribution rate is tied to the Actuarially Determined Contribution (ADC) rate as determined by the Plan's actuary in the annual valuation.

Changes of Assumptions: The mortality tables changed from RP-2000 Fully Generational in 2021 to PUB-2010 with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021 in 2022. In addition, the inflation rate increased from 2.25% in 2021 to 2.5% in 2022. Finally, the annual payroll growth rate decreased from 4% in 2021 to 3.5% in 2022.

See report of independent auditors.

Spokane Employees' Retirement System Schedule of Employer Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 14,965,121	\$ 14,360,715	\$ 15,410,726	\$ 11,700,545	\$ 12,457,475	\$ 11,527,854	\$ 11,078,489	\$ 10,044,342	\$ 9,765,949	\$ 9,853,762
Contributions in relation to the actuarially determined contribution	16,102,443	15,870,598	13,446,610	11,863,726	11,519,708	10,659,281	9,824,717	9,187,420	8,113,319	7,586,362
Contribution deficiency (excess)	\$ (1,137,322)	\$ (1,509,883)	\$ 1,964,116	\$ (163,181)	\$ 937,767	\$ 868,573	\$ 1,253,772	\$ 856,922	\$ 1,652,630	\$ 2,267,400
Covered payroll	\$ 146,385,845	\$ 144,278,164	\$ 131,186,439	\$ 115,743,668	\$ 115,197,080	\$ 109,325,959	\$ 106,213,157	\$ 102,082,144	\$ 98,343,261	\$ 91,955,903
Contributions as a percentage of covered payroll	11.00%	11.00%	10.25%	10.25%	10.00%	9.75%	9.25%	9.00%	8.25%	8.25%

See report of independent auditors.

Spokane Employees' Retirement System Schedule of Employer Contributions

Notes to Schedule

Valuation date December 31, 2025

Actuarially determined contribution rates are calculated as of December 31, of the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	In accordance with the following table based on service

Years of Service	Annual Increase
<1	12.0%
1	8.0%
2-3	7.0%
4	6.0%
5-7	5.0%
8	4.0%
9-10	3.0%
11+	2.0%

Investment rate of return 7.5%, net of pension plan investment expense
 Retirement age In accordance with the following table based on age

Age	Retirement Probability
<50	0.0%
50	10.0%
51-53	4.0%
54-59	5.0%
60	10.0%
61	15.0%
62	20.0%
63	15.0%
64	20.0%
65-66	25.0%
67	40.0%
68	25.0%
69	33.0%
70	45.0%
71	25.0%
72	45.0%
73	30.0%
74	15.0%
75+	100.0%

Mortality Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021

See report of independent auditors.

Spokane Employees' Retirement System
Schedule of Investment Returns

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	13.60%	10.10%	14.10%	-13.50%	13.70%	11.47%	18.35%	-6.27%	15.40%	6.70%

See report of independent auditors.

Additional Supplementary Information

Spokane Employees' Retirement System
Schedule of Administrative Expenses
Years Ended December 31, 2025 and 2024

	2025 Budget	2025 Actual	2024 Actual
Personnel services			
Salaries and wages	\$ 369,924	\$ 381,090	\$ 283,263
Personnel benefits	122,334	112,583	87,242
Change in accrued compensated absences	-	-	(66,311)
Administrative income	(30,000)	(33,526)	(30,412)
	<u>462,258</u>	<u>460,147</u>	<u>273,782</u>
Total personnel services	<u>462,258</u>	<u>460,147</u>	<u>273,782</u>
Supplies			
Office supplies	1,000	660	889
Publications	250	-	-
Postage	2,500	988	1,261
Software (non-capitalized)	500	424	318
Minor equipment	500	415	-
Other	500	2,777	1,241
	<u>5,250</u>	<u>5,264</u>	<u>3,709</u>
Total supplies	<u>5,250</u>	<u>5,264</u>	<u>3,709</u>
Other services and charges			
Professional services	175,000	156,026	157,041
Travel	3,800	5,920	7,052
Registration and schooling	15,000	2,515	13,225
Other dues, subscriptions, and memberships	3,000	2,657	1,963
Printing	3,000	1,904	2,107
Depreciation/amortization	-	17,649	17,649
Other miscellaneous charges	2,200	565	980
	<u>202,000</u>	<u>187,236</u>	<u>200,017</u>
Total other services and charges	<u>202,000</u>	<u>187,236</u>	<u>200,017</u>
Interfund (IF) payments for services			
IF reprographics	-	428	7,996
	<u>-</u>	<u>428</u>	<u>7,996</u>
Total interfund services	<u>-</u>	<u>428</u>	<u>7,996</u>
TOTAL ADMINISTRATIVE EXPENSES, NET OF ADMINISTRATIVE INCOME	<u>\$ 669,508</u>	<u>\$ 653,075</u>	<u>\$ 485,504</u>

See report of independent auditors.

Spokane Employees' Retirement System
Schedule of Investment Expenses
Years Ended December 31, 2025 and 2024

	2025	2024
Investment services		
BlackRock	\$ 40,441	\$ -
Boston Partners	15,123	2,360
Bridge City Capital LLC	-	13,242
Champlain Small Cap Fund LLC	-	44,382
Columbia	15,213	1,175
Earnest Partners	17,569	3,007
Principal Real Estate Investors LLC	65,939	62,621
Segall Bryant Hamill, LLC	98,402	46,414
State Street	17,580	-
Sterling Capital Management LLC	-	70,139
Victory	105,580	-
	<u>375,847</u>	<u>243,340</u>
Investment consulting		
Fiduciary Consulting Group at Morgan Stanley	190,385	-
Hyas Group, LLC	-	171,469
Custodial services		
U.S. Bank	<u>66,892</u>	<u>88,683</u>
 TOTAL INVESTMENT EXPENSES	 <u><u>\$ 633,124</u></u>	 <u><u>\$ 503,492</u></u>

Mutual fund and limited partnership fees are not reflected in this schedule; instead, these investment expenses are netted against investment income in the statement of changes of plan net assets to arrive at a net investment income amount.



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Administration
Spokane Employees' Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Spokane Employees' Retirement System (the Plan) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated May 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Spokane, Washington
May 27, 2026

Actuarial Section

SageView Consulting Group, L.L.C.
Actuarial Valuation

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**SPOKANE EMPLOYEES'
RETIREMENT SYSTEM**

**ACTUARIAL VALUATION
AS OF DECEMBER 31, 2025**



Sageview Consulting Group
4600 Cox Road, Suite 350, Glen Allen, VA 23060
www.sageviewadvisory.com

April 10, 2026

Spokane Employees' Retirement System
808 West Spokane Falls Boulevard
Spokane, Washington 99201-3324

Ladies and Gentlemen:

The results of the latest actuarial valuation of the System, which was prepared as of December 31, 2025, are summarized in this letter.

The valuation reflects the benefits in effect on the valuation date, and was prepared on the basis of the data submitted by the System using generally accepted actuarial principles and methods.

Financing Objective and Contribution Rate

The financing objective of the System is to:

- fully fund all current costs based on the normal contribution rate payable by the System determined under the funding method; and
- liquidate the unfunded accrued liability based on accrued liability contributions payable by the System over an amortization period of no more than 30 years; and
- accomplish the above through a combination of Employee Contributions (currently 11.00% of pay) and Employer Contributions (currently 11.00% of pay).

The December 31, 2025 valuation develops an Actuarially Determined Employer Contribution Rate (ADC), exclusive of employee contributions, of 9.77% of total payroll. The ADC rate compares with an actual Employer Contribution rate of 11.00% of total payroll. The Employer Contribution for the 2025 fiscal year of \$16,102,443 was greater than the ADC of \$14,965,121 by \$1,137,322.

Net Pension Liability

Under GASB 67, the Net Pension Liability is the excess, if any, of the Total Pension Liability over the Fiduciary Net Position. The Total Pension Liability is determined under the Entry Age actuarial cost method. The Net Pension Liability as of December 31, 2025 and December 31, 2024 is as follows:

	December 31 2025	December 31 2024
● Total Pension Liability:	\$636,771,999	\$612,123,157
● Fiduciary Net Position:	\$407,258,889	\$367,341,343
● Net Pension Liability:	\$229,513,110	\$244,781,814
● Fiduciary Net Position as a Percentage of Total Pension Liability:	64.0%	60.0%
● GASB 67 Discount Rate:	7.50%	7.50%

Spokane Employees' Retirement System

April 10, 2026

Page two

System's Assets and Member Data

The individual data for members of the System as of the valuation date were reported to the actuary by the System. While we did not verify the data at its source, we did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation. It is our understanding that the outside auditor of the System has also made an examination of the data.

The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the System's Staff and audited by the independent auditor of the System.

Actuarial Assumptions and Methods

Actuarial assumptions are adopted by the Board, upon review of recommendations made by the actuary. An experience study was conducted for the five-year period ended December 31, 2021. This study resulted in the Board adopting several changes in assumptions as of December 31, 2022, at the recommendation of the actuary, in order to better anticipate emerging experience under the System. See a copy of the experience study for more information about assumptions.

In order to smooth out market value fluctuations for purposes of developing the ADC, the difference between actual investment earnings over expected investment earnings will be recognized in equal amounts over a five-year period with the restriction that the smoothed value of assets may not be less than 90% nor greater than 110% of market value.

The valuation software used to develop liabilities for this report was ProVal, developed by Winklevoss Technologies, LLC. SageView Consulting Group coded ProVal for the data, assumptions and provisions for this plan and believe ProVal is appropriate for performing this valuation.

Samples of the actuarial assumptions, and descriptions of the actuarial cost method and asset valuation method are set forth in the outline of actuarial assumptions and methods included in the report.

Legislative and Administrative Changes

There were no legislative or administrative changes since the last valuation that had a financial impact on the System.

Spokane Employees' Retirement System

April 10, 2026

Page three

Financial Results and Membership Data

Detailed summaries of financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report and the related membership data schedules. We were responsible for providing information for all schedules included in the Actuarial Section of the annual financial report for the fiscal year ended December 31, 2025.

To the best of our knowledge, this report is complete and accurate. All costs and liabilities have been determined in conformance with generally accepted actuarial principles and on the basis of actuarial assumptions and methods which are individually reasonable (taking into account past experience and reasonable expectations of future experience) and which in combination represent the best estimate of anticipated experience under the System. In addition, the assumptions and methods used for funding purposes meet the parameters set by relevant Actuarial Standards of Practice.

Future liability and asset values may differ from the results shown in this report for many reasons including, but not limited to, actual experience differing from assumed experience, changes in actuarial assumptions or methods, plan amendments, regulatory changes or changes in contribution strategy. An impact analysis of such potential changes is not included in this report. Potential plan risks are discussed in Appendix I in compliance with ASOP 51.

The undersigned are available to provide additional information or answer any questions with respect to this report.

Respectfully Submitted By:

Sageview Consulting Group



William J. Reid, FCA, EA
Team Lead, Consulting Actuary



Daniel L. Homan, EA, MAAA
Team Lead, Consulting Actuary

Summary of Valuation Results

Presented in this report are the results of the actuarial valuation as of December 31, 2025 for the Spokane Employees' Retirement System.

The principal results include:

- The Actuarially Determined Employer Contribution Rate (ADC) is 9.77% of total payroll. This compares to an actual Employer Contribution rate of 11.00% of total payroll.

The valuation was completed based on membership and financial data submitted by the System.

Net Pension Liability

Under GASB 67, the Net Pension Liability is the excess, if any, of the Total Pension Liability over the Fiduciary Net Position. The Total Pension Liability is determined under the Entry Age actuarial cost method. The Net Pension Liability as of December 31, 2025 and December 31, 2024 is as follows:

	December 31 2025	December 31 2024
Total Pension Liability:	\$636,771,999	\$612,123,157
Fiduciary Net Position:	\$407,258,889	\$367,341,343
Net Pension Liability:	\$229,513,110	\$244,781,814
Fiduciary Net Position as a Percentage of Total Pension Liability:	64.0%	60.0%
GASB 67 Discount Rate:	7.50%	7.50%

The following changes have been made since the last actuarial valuation:

- Actuarial Assumptions and Methods

There were no changes to the actuarial assumptions and methods from the prior valuation. See a copy of the most recent experience study for more information about the assumptions and methods.

- Legislative and Administrative Changes

There were no legislative or administrative changes since the last valuation that had a financial impact on the System.

The next experience study is scheduled to be conducted for the five-year period ended December 31, 2026. Upon completion of that study, recommendations will be made with respect to assumptions, methods and contribution rates to be adopted beginning with the December 31, 2027 valuation.

GASB 67 requires the use of a blended discount rate to the extent future contributions are not projected to be sufficient to provide future benefits for the current closed group of plan participants. This was the case for years prior to 2017. For years ended 2017 and later, it was not necessary to apply a blended discount rate because of the negotiated terms that allow for both employer and employee contributions to increase or decrease up to 1% each year based on changes in the ADC.

Summary of Valuation Results (continued)

Demographics		2025	2024
Active			
Number		1,627	1,603
Expected Average Pay for Upcoming Plan Year		\$ 94,480	\$ 89,970
Retired and Beneficiaries			
Number		1,649	1,630
Average Annual Allowance		24,674	23,907
Terminated Vested and Portables			
Number		172	169
Total Membership		3,448	3,402
Net Pension Liability			
Total Pension Liability		\$ 636,771,999	\$ 612,123,157
Fiduciary Net Position		\$ 407,258,889	\$ 367,341,343
Net Pension Liability		\$ 229,513,110	\$ 244,781,814
Fiduciary Net Position as a Percentage of the Total Pension Liability		64.0%	60.0%
Contribution Rates			
Employer Actuarially Determined Contribution (ADC) Rate*		9.77%	9.86%
Actual Employer Contribution Rate		11.00%	11.00%
Effective 12/24/2023	11.00%		
12/26/2021 - 12/23/2023	10.25%		
12/27/2020 - 12/25/2021	10.00%		
12/15/2019 - 12/26/2020	9.75%		
12/16/2018 - 12/14/2019	9.25%		
12/17/2017 - 12/15/2018	9.00%		
09/01/2014 - 12/16/2017	8.25%		
Prior to 9/1/2014	7.75%		

* Exclusive of Employee Contributions

Summary of Valuation Results (continued)

Contribution Rates (ADC)

The results of the valuation as of December 31, 2025 determine the ADC rate for the System. The actual Employer Contribution rate is compared to the contribution rate developed in the valuation in order to determine the appropriateness of the actual Employer Contribution rate. As of December 31, 2025 the actual Employer Contribution rate of 11.00% is greater than the ADC rate of 9.77%.

Reasons for Change in the ADC

The recommended employer contribution rate as determined by the ADC decreased from 9.86% as of December 31, 2024 to 9.77% as of December 31, 2025. The decrease of 0.09% is due to the following reasons:

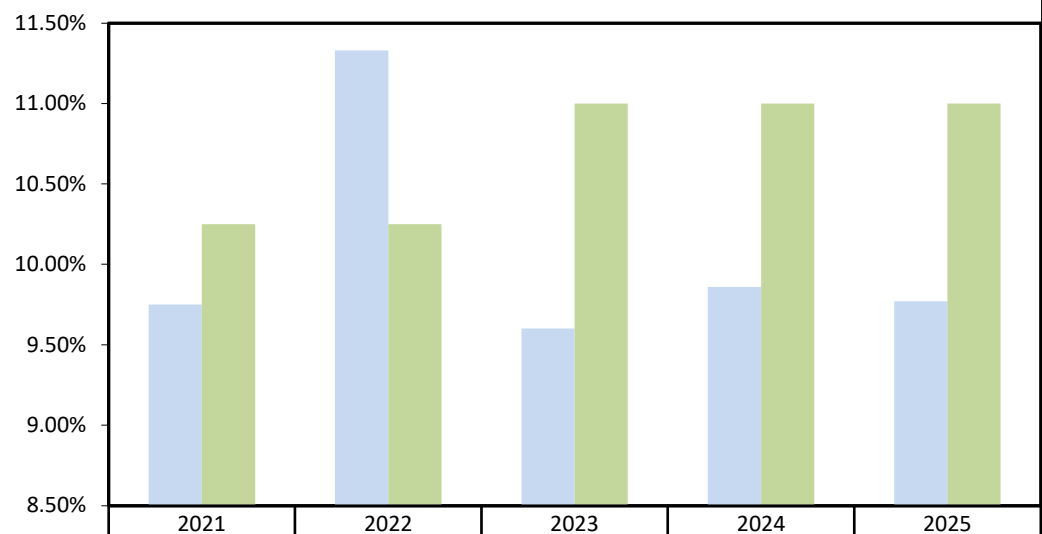
● Increase due to return on actuarial assets	0.12%
● Decrease due to change in normal cost rate	(0.06%)
● Increase due to change in benefit provisions	0.00%
● Increase due to legislative changes	0.00%
● Increase due to change in assumptions	0.00%
● Increase due to change for VRIP	0.00%
● Decrease due to higher than expected payroll growth	(0.29%)
● Increase due to other factors	0.14%
● Total	(0.09%)

Summary of Valuation Results (continued)

**Five-Year History of Contribution Rates
(As a % of payroll)**

Valuation Date	ADC	Employer Rate
2021	9.75%	10.25%
2022	11.33%	10.25%
2023	9.60%	11.00%
2024	9.86%	11.00%
2025	9.77%	11.00%

ADC Contribution Rates as of December 31



	2021	2022	2023	2024	2025
ADC Contribution Rate	9.75%	11.33%	9.60%	9.86%	9.77%
Employer Contribution Rate	10.25%	10.25%	11.00%	11.00%	11.00%

Summary of Valuation Results (continued)

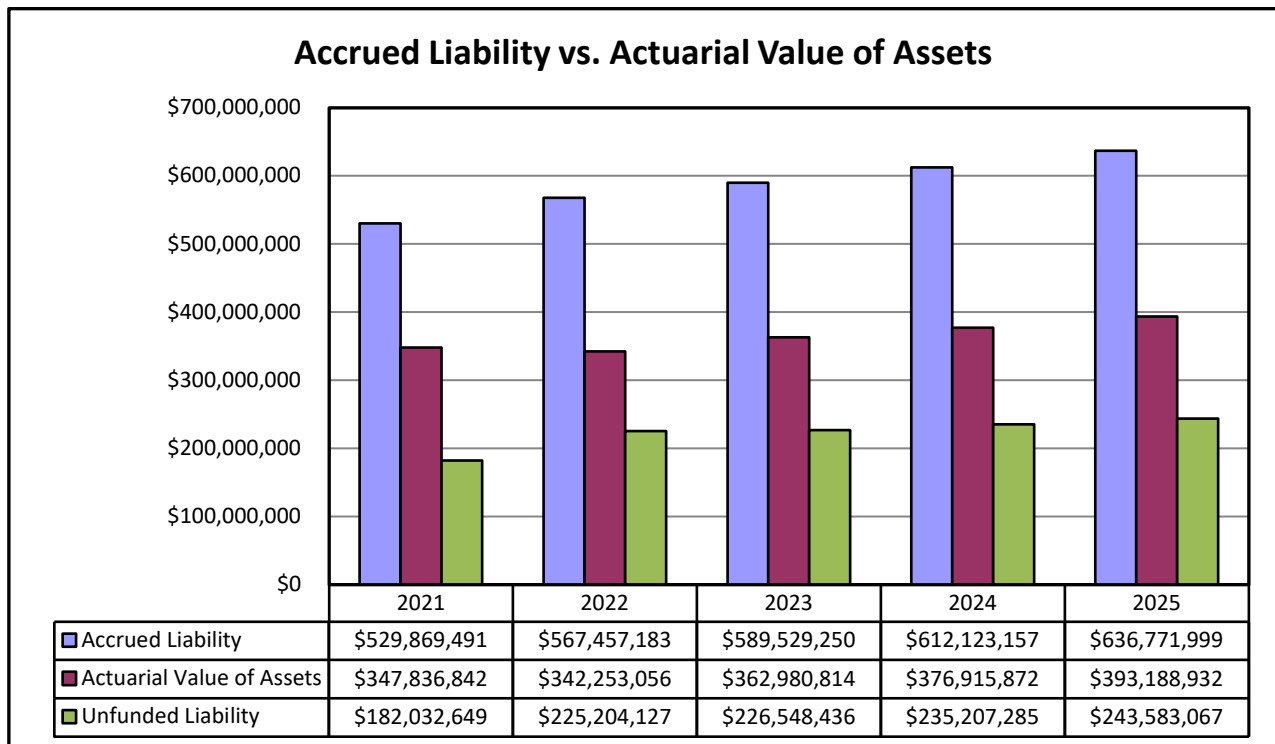
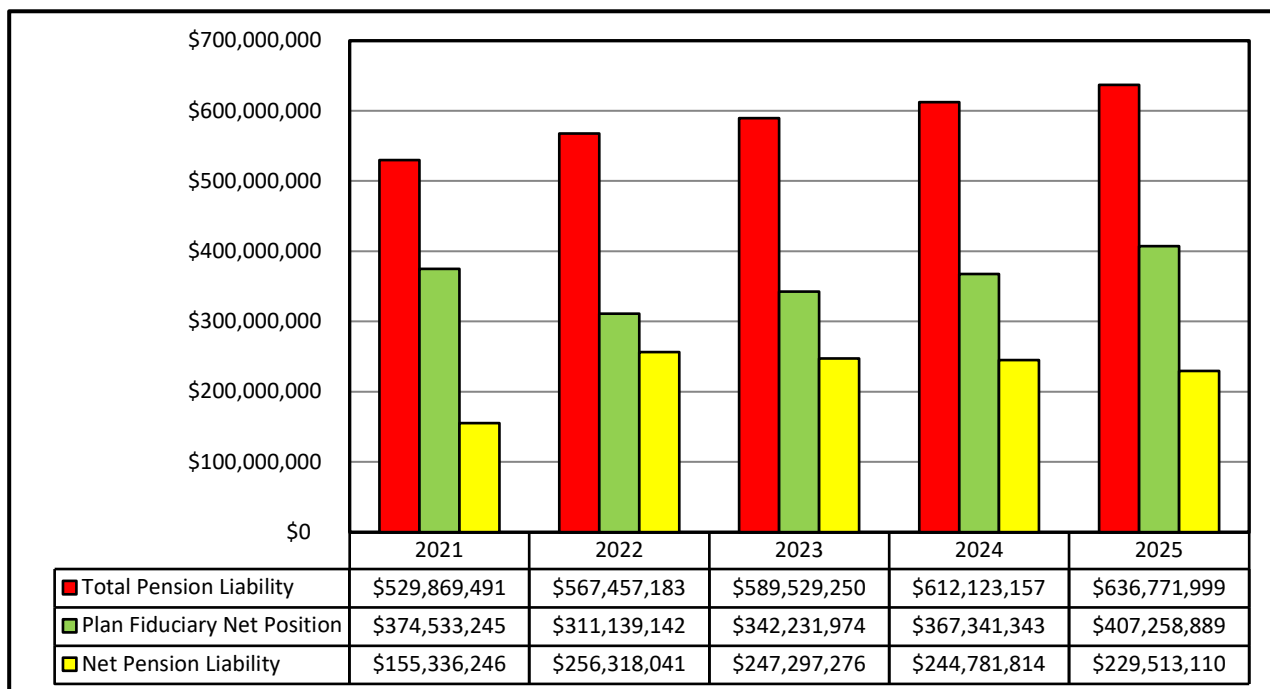
Unfunded Accrued Liability

The financing objective of the System is to:

- fully fund all current costs based on the normal contribution rate payable by the System determined on the funding method; and
- liquidate the unfunded accrued liability based on accrued liability contributions payable by the System over an amortization period of no more than 30 years; and
- accomplish the above through a combination of Employee Contributions (currently 11.00% of pay) and Employer Contributions (currently 11.00% of pay).

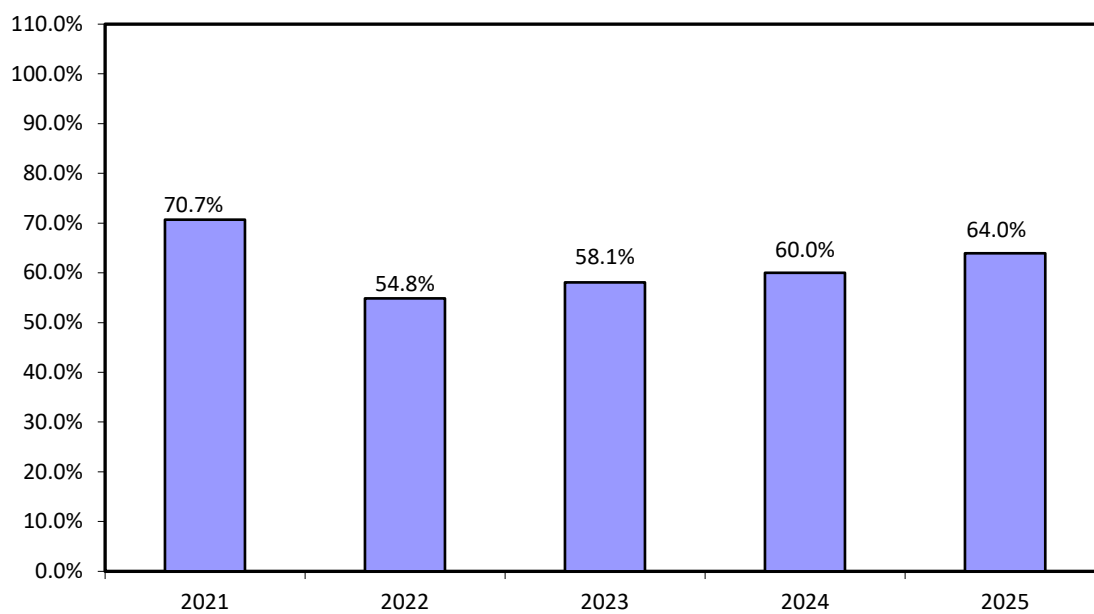
For purposes of determining contribution rates, the System's unfunded actuarial liability is measured by comparing the actuarial value of assets with the actuarial liability. The actuarial liability is determined under the entry age normal cost method. On this basis, the System's unfunded actuarial liability is \$243,583,067 as of December 31, 2025. The unfunded actuarial liability is based on an actuarial value of assets of \$393,188,932 and an actuarial liability of \$636,771,999.

For purposes of financial reporting, the Fund's unfunded liability (net pension liability) is measured by comparing the market value of assets (fiduciary net position) with the actuarial liability (total pension liability). The total pension liability is determined under the entry age cost method. On this basis, the Fund's net pension liability is \$229,513,110 as of December 31, 2025. The net pension liability is based on a fiduciary net position of \$407,258,889 and a total pension liability of \$636,771,999.

Summary of Valuation Results (continued)**History of Accrued Liability and Actuarial Value of Assets****History of Net Pension Liability**

Summary of Valuation Results (continued)**Five-Year History of Funded Status**

Fiscal Year Ending	Funded Status
2021	70.7%
2022	54.8%
2023	58.1%
2024	60.0%
2025	64.0%

Funded Status**Fiscal Year Ended December 31**

Summary of Valuation Results (continued)

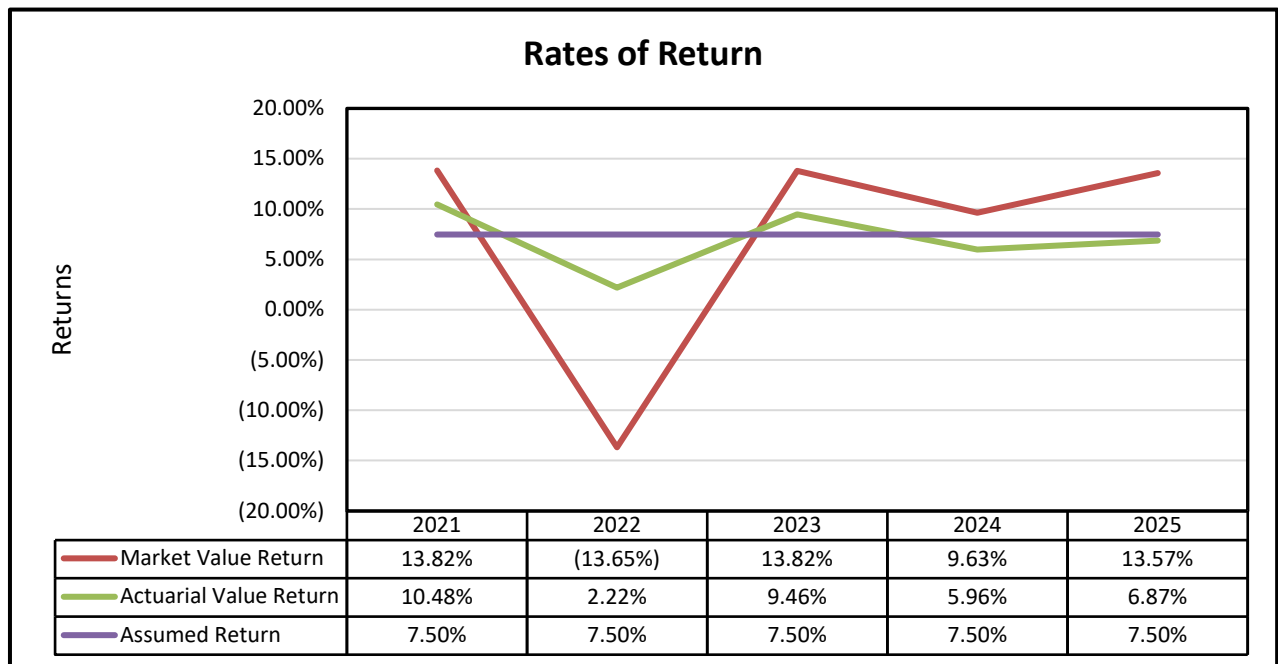
Rate of Return

The estimated investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) based on the market value of assets for the fiscal year ended December 31, 2025 was 13.57%. The investment return on the smoothed fair value of assets was 6.87%. The expected rate of return was 7.50%.

The smoothed fair value of assets is determined using a method that is designed to smooth the impact of market fluctuations. Unlike the market value, which immediately reflects all investment gains and losses during the year, the smoothed fair value recognizes annual appreciation and depreciation over a five-year period.

Summary of Valuation Results (continued)**Five-Year History of Rates of Return**

Fiscal Year Ending	Rate of Return on Assets		
	Market Value	Actuarial	Assumed
2021	13.82%	10.48%	7.50%
2022	(13.65%)	2.22%	7.50%
2023	13.82%	9.46%	7.50%
2024	9.63%	5.96%	7.50%
2025	13.57%	6.87%	7.50%



Supporting Information

The remainder of the report is comprised of the following sections or schedules:

Table 1 Demographics

Funding Schedules

Table 2 Market Value Reconciliation

Table 3 Smoothed Fair Value of Net Assets Determination

Table 4 Accrued Liability

Table 5 Actuarial (Gain)/Loss

Table 6 Amortization Schedule

Table 7 Normal Cost

Table 8 Contribution Summary

GASB 67 Schedules

Table 9 Statement of Fiduciary Net Position

Table 10 Statement of Changes in Fiduciary Net Position

Table 11 Net Pension Liability

Table 12 Schedule of Employer Contributions

Table 13 GASB 68 Summary for 2025

Table 14 GASB 68 Summary for 2026

Table 15 Deferred Outflows/(Inflows) Amortization Schedule

Financial Schedules

Table 16 Historical Summary of Fund Additions and Deductions

Membership Schedules

Table 17 Schedule of Membership

Table 18 Schedule of Active Members Valuation Data

Table 19 Schedule of Retirees Added to and Removed from Rolls

Table 20 Schedule of Retired Members by Type of Benefit;
Schedule of Benefit Payments by Type

Table 21 Schedule of Average Annual Benefit Payments

Assumptions, Methods and Provisions Schedules

Table 22 Description of Actuarial Assumptions and Methods

Table 23 Summary of Benefit and Contribution Provisions

Appendices

Appendix I Plan Risks (ASOP 51 Compliance)

Appendix II Low-Default-Risk Obligation Measure(LDROM) - (ASOP 4 Compliance)

Appendix III Data Tables

Table 1**DEMOGRAPHICS**

	<u>2025</u>	<u>2024</u>	<u>Increase/ (Decrease)</u>
1. Number of Members:			
a. Retirees	1,464	1,441	23
b. Beneficiaries	180	182	(2)
c. Disabled	5	7	(2)
d. Terminated Vested	81	84	(3)
e. Portables	91	85	6
f. Active	1,627	1,603	24
g. Total Members	3,448	3,402	46
2. Projected Compensation for Coming Year	153,718,749	144,222,169	9,496,580
3. Average Compensation for Coming Year	94,480	89,970	4,510
4. Average Age (Active Members)	46.12	46.26	(0.14)
5. Average Service (Active Members)	10.05	10.04	0.01
6. Annual Retirement Allowance	40,686,780	38,967,918	1,718,862
7. Average Annual Retirement Allowance	24,674	23,907	767
8. Average Monthly Retirement Allowance	2,056	1,992	64

Table 2**ASSET INFORMATION****Market Value Reconciliation**

1. Total Market Value of Net Assets, 12/31/2024		367,341,343
2. Audit Adjustment		0
3. Contributions		
a. Employer	16,102,443	
b. Employee	16,156,407	
c. Total Contributions		32,258,850
4. Miscellaneous Revenue		0
5. Investment Earnings		
a. Interest & Dividends & Other Income	5,573,772	
b. Realized & Unrealized Gain/(Loss)	44,262,856	
c. Investment Expenses	(633,124)	
d. Total Investment Earnings		49,203,504
6. Benefit Payments		
a. Benefits	(39,871,745)	
b. Refund of Contributions	(1,019,988)	
c. Total Benefit Payments		(40,891,733)
7. Administrative Expenses		(653,075)
8. Total Market Value of Net Assets, 12/31/2025		407,258,889
9. Approximate Rate of Return on Total Assets		13.57%

Table 3**ASSET INFORMATION****Smoothed Fair Value of Net Assets Determination**

1. Total Market Value of Net Assets, 12/31/2024	367,341,343
2. Expected Return for Plan Year	27,208,673
3. Actual Return for Plan Year	49,203,504
4. Total Market Value of Net Assets, 12/31/2025	407,258,889
5. Determination of Deferred Gain (Loss)	

Table 4**ACCRUED LIABILITY**

1. Accrued Liability prior to Changes in Benefit Provisions and Assumptions		
a. Active	228,277,774	
b. Terminated Vested & Portables	22,230,933	
c. Retirees	362,466,835	
d. Beneficiaries	23,183,552	
e. Disableds	612,905	
f. Total Accrued Liability prior to Changes		636,771,999
2. Actuarial Value of Assets		393,188,932
3. Unfunded Accrued Liability prior to Changes (1.f. - 2.)		243,583,067
4. Change in Unfunded Accrued Liability		
a. Due to Changes in Plan Provisions	0	
b. Due to Changes in Assumptions	0	
c. Due to Change in Asset Method	0	
d. Total Change in Unfunded Accrued Liability		0
5. Actual Unfunded Accrued Liability (3. + 4.e.)		243,583,067

Table 5**ACTUARIAL (GAIN)/LOSS**

1. Increase (decrease) in Unfunded Accrued Liability	
a. Unfunded Accrued Liability, prior year	235,207,285
b. Entry Age Normal Cost (excluding expenses)	14,158,660
c. Contributions	32,258,850
d. Interest	17,514,608
e. Expected Unfunded Accrued Liability, current year	234,621,703
(a. + b. - c. + d.)	
f. Actual Unfunded Accrued Liability, current year before benefit, assumption, and method changes	243,583,067
g. (Gain)/Loss	8,961,364
(f. -e.)	
2. Reasons for (Gain)/Loss	
a. Investment Return on Smoothed Fair Value of Assets	3,044,868
b. Other	5,916,496
c. Total	8,961,364

Table 6**AMORTIZATION SCHEDULE***

<u>Date Established</u>	<u>Source</u>	<u>Initial Amount</u>	<u>Remaining Balance</u>	<u>Years to Amortize</u>	<u>Required Payment</u>
12/31/2025	Actuarial Loss	8,961,364	8,961,364	25	544,423
12/31/2024	VRIP	1,471,682	1,034,595	2	527,102
12/31/2024	Actuarial Loss	7,973,625	7,997,747	24	498,060
12/31/2023	Actuarial Gain	(1,604,797)	(1,604,284)	23	(102,577)
12/31/2022	Amortization of UAL	225,204,127	227,193,645	22	14,941,446
Total		242,006,001	243,583,067		16,408,454

* Effective December 31, 2022, prior bases established between December 31, 2017 and December 31, 2021 were combined into one base with a weighted average remaining amortization period of 25 years.

Table 7**NORMAL COST**

1. Normal Cost for All Benefits	14,827,781
2. Offset for Employee Contributions	(16,909,062)
3. Estimated Expenses	700,000
4. Total (1) - (2) + (3)	(1,381,281)

Table 8**CONTRIBUTION SUMMARY**

1. Actuarially Determined Employer Contribution Amount		
a. Normal Cost	(1,381,281)	
b. Amortization Charges	16,408,454	
c. Total		15,027,173
2. Actuarially Determined Employer Contribution Rate		
a. Normal Cost	-0.90%	
b. Amortization Charges	10.67%	
c. Total		9.77%
3. Projected Pay for the Upcoming Year		153,718,749

Table 9**ASSET INFORMATION****Statement of Fiduciary Net Position
(as provided by SERS staff)****ASSETS**

1. Cash		307,922
2. Short-term investments		7,666,898
3. Receivables		
a. Interest and Dividends	472,930	
b. Other receivables	0	
c. Redemption receivable	0	
d. Total Receivables		<u>472,930</u>
4. Investments, at fair value		<u>398,979,045</u>
5. Capitalized software, net of accumulated amortization		105,894
6. Total Assets		<u>407,532,689</u>

LIABILITIES

1. Accounts Payable	123,135	
2. Current portion employee salary & benefits	18,725	
3. Compensated absences	120,553	
4. Other current liabilities	11,387	
5. Total Liabilities		<u>273,800</u>

NET POSITION407,258,889

Table 10**ASSET INFORMATION****Statement of Changes in Fiduciary Net Position
(as provided by SERS staff)****ADDITIONS**

1. Contributions		
a. Employer	16,102,443	
b. Plan Members	16,156,407	
c. Total Contributions		<u>32,258,850</u>
2. Investment Earnings:		
a. Net appreciation (depreciation) in fair value of investments	44,262,856	
b. Interest and dividends	5,573,772	
c. Less: investment expense	633,124	
d. Net investment income (loss)		<u>49,203,504</u>
3. Total additions and changes investments		<u>81,462,354</u>

DEDUCTIONS

1. Benefit payments	39,871,745	
2. Refunds of member contributions	1,019,988	
3. Administrative expenses, net of administrative income	653,075	
4. Total deductions		<u>41,544,808</u>

NET INCREASE (DECREASE IN NET POSITION)		39,917,546
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PRIOR PERIOD ADJUSTMENT		0
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PLAN FIDUCIARY NET POSITION, 12/31/2024		<u>367,341,343</u>
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PLAN FIDUCIARY NET POSITION, 12/31/2025		<u><u>407,258,889</u></u>
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Table 11**NET PENSION LIABILITY**

	<u>2025</u>	<u>2024</u>
Total Pension Liability		
Service Cost	15,220,560	15,132,382
Interest	44,403,519	42,788,075
Changes of benefit terms	0	1,471,682
Differences between expected and actual experience	5,916,496	1,945,360
Changes of assumptions	0	0
Benefit Payments, including refunds of member contributions	(40,891,733)	(38,743,592)
Net change in total pension liability	24,648,842	22,593,907
 Total pension liability - beginning	 612,123,157	 589,529,250
Total pension liability - ending (a)	636,771,999	612,123,157
 Plan Fiduciary Net Position		
Contributions - employer	16,102,443	15,870,598
Contributions - member	16,156,407	15,870,598
Net investment income	49,203,504	32,597,269
Benefit payments, including refunds of member contributions	(40,891,733)	(38,743,592)
Administrative expense	(653,075)	(485,504)
Other	0	0
Net change in plan fiduciary net position	39,917,546	25,109,369
 Plan fiduciary net position - beginning	 367,341,343	 342,231,974
Plan fiduciary net position - ending (b)	407,258,889	367,341,343
 Net pension liability - ending (a) - (b) *	 229,513,110	 244,781,814
Plan fiduciary net position as a percentage of the total pension liability	64.0%	60.0%
 Covered-employee payroll	 153,718,749	 144,222,169
Net pension liability as a percentage of covered-employee payroll	149.3%	169.7%
 GASB 67 Blended Discount Rate Beginning of Period:	 7.50%	 7.50%
GASB 67 Blended Discount Rate End of Period:	7.50%	7.50%

* A 1% decrease in the discount rate increases the net pension liability to \$296,667,449, an increase of \$67,154,339.

A 1% increase in the discount rate decreases the net pension liability to \$172,377,639, a decrease of \$57,135,471.

Table 12**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Excludes Member Contributions)**

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Percentage Contributed</u>
12/31/2016	9,853,762	7,586,362	2,267,400	91,955,903	8.25%
12/31/2017	9,765,949	8,113,319	1,652,630	98,343,261	8.25%
12/31/2018	10,044,342	9,187,420	856,922	102,082,444	9.00%
12/31/2019	11,078,489	9,824,717	1,253,772	106,213,157	9.25%
12/31/2020	11,527,854	10,659,281	868,573	109,325,959	9.75%
12/31/2021	12,457,475	11,519,708	937,767	115,197,080	10.00%
12/31/2022	11,700,545	11,863,726	(163,181)	115,743,668	10.25%
12/31/2023	15,410,726	13,446,610	1,964,116	131,186,439	10.25%
12/31/2024	14,360,715	15,870,598	(1,509,883)	144,278,164	11.00%
12/31/2025	14,965,121	16,102,443	(1,137,322)	146,385,845	11.00%

Table 13

GASB 68 Summary for 2025
Total Plan

	Total Pension Liability	Plan Net Position	Net Pension Liability (NPL)	NPL Discount Rate +1%	NPL Discount Rate -1%	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense	Amortization Period
Balance, Beginning of Year (1)	589,529,250	342,231,974	247,297,276	194,463,026	309,285,579	69,661,609	26,297,208		
Changes for the year									
Service Cost	15,132,382		15,132,382					15,132,382	
Interest Cost	42,788,075		42,788,075					42,788,075	
Benefit Changes	1,471,682		1,471,682					1,471,682	
Experience loss (gain)	1,945,360		1,945,360			1,621,133	0	324,227	6.00
Changes in assumptions	0		0			0	0	0	6.00
Contributions - Employer		15,870,598	(15,870,598)						
Contributions - Employee		15,870,598	(15,870,598)					(15,870,598)	
Net Investment Income		32,597,269	(32,597,269)						
Expected Return on Investments									
Investment (gain) loss expensed									
Investment (gain) loss deferred									
Benefits paid including refunds	(38,743,592)	(38,743,592)	0			0	5,764,473	(25,391,678)	5.00
Administrative Expense		(485,504)	485,504					(1,441,118)	
Other Changes		0	0					485,504	
Amortization									
Net Changes	22,593,907	25,109,369	(2,515,462)			(22,304,965)	(10,272,181)	12,032,784	
Balance, End of Year (2)	612,123,157	367,341,343	244,781,814	190,044,224	309,057,924	48,977,777	21,789,500	29,531,260	

(1) Measurement Date December 31, 2023

(2) Measurement Date December 31, 2024

Table 14

GASB 68 Summary for 2026

Total Plan

	Total Pension Liability	Plan Net Position	Net Pension Liability (NPL)	NPL Discount Rate +1%	NPL Discount Rate -1%	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense	Amortization Period
Balance, Beginning of Year (1)	612,123,157	367,341,343	244,781,814	190,044,224	309,057,924	48,977,777	21,789,500		
Changes for the year									
Service Cost	15,220,560		15,220,560					15,220,560	
Interest Cost	44,403,519		44,403,519					44,403,519	
Benefit Changes	0		0					0	
Experience loss (gain)	5,916,496		5,916,496			4,930,413	0	986,083	6.00
Changes in assumptions	0		0			0	0	0	6.00
Contributions - Employer		16,102,443	(16,102,443)						
Contributions - Employee		16,156,407	(16,156,407)					(16,156,407)	
Net Investment Income		49,203,504	(49,203,504)						
Expected Return on Investments									
Investment (gain) loss expensed									
Investment (gain) loss deferred						0	17,595,865	(4,398,966)	5.00
Benefits paid including refunds	(40,891,733)	(40,891,733)	0					0	
Administrative Expense		(653,075)	653,075					653,075	
Other Changes		0	0						
Amortization									
Net Changes	24,648,842	39,917,546	(15,268,704)			(21,651,458)	(9,633,393)	12,018,065	
Balance, End of Year (2)	636,771,999	407,258,889	229,513,110	172,377,639	296,667,449	(16,721,045)	7,962,472	25,517,256	

(1) Measurement Date December 31, 2024

(2) Measurement Date December 31, 2025

Table 15

**Deferred Outflows/(Inflows) Amortization Schedule as of December 31, 2026
(Measurement Date: December 31, 2025)**

Reporting Date Established	Source	Initial Amount	Deferred Amount	Remaining Years	Amortization Payment
12/31/2026	Experience Loss	5,916,496	4,930,413	5.00	986,083
12/31/2026	Investment Gain	(21,994,831)	(17,595,865)	4.00	(4,398,966)
12/31/2025	Experience Loss	1,945,360	1,296,906	4.00	324,227
12/31/2025	Investment Gain	(7,205,591)	(4,323,355)	3.00	(1,441,118)
12/31/2024	Experience Loss	4,403,357	2,201,678	3.00	733,893
12/31/2024	Investment Gain	(19,300,353)	(7,720,140)	2.00	(3,860,071)
12/31/2023	Experience Loss	13,014,651	4,338,215	2.00	2,169,109
12/31/2023	Assumption Change	11,760,337	3,920,113	2.00	1,960,056
12/31/2023	Investment Loss	77,847,016	15,569,404	1.00	15,569,404
12/31/2022	Experience Gain	(675,673)	(112,613)	1.00	(112,613)
Total			2,504,756		11,930,004

Table 16**HISTORICAL SUMMARY OF FUND ADDITIONS AND DEDUCTIONS****ADDITIONS BY SOURCE**

<u>Fiscal Year Ended</u>	<u>Employer Contributions as a Percent of Payroll</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Net Investment Income</u>	<u>Total</u>
12/31/2016	8.25%	7,586,362	7,586,362	16,802,274	31,974,998
12/31/2017	8.25%	8,113,319	8,113,319	43,085,572	59,312,210
12/31/2018	9.00%	9,187,420	9,188,781	(18,715,945)	(339,744)
12/31/2019	9.25%	9,824,717	9,827,760	50,166,728	69,819,205
12/31/2020	9.75%	10,659,281	10,659,281	33,795,088	55,113,650
12/31/2021	10.00%	11,519,708	11,519,708	46,166,835	69,206,251
12/31/2022	10.25%	11,863,726	11,931,102	(50,241,335)	(26,446,507)
12/31/2023	10.25%	13,446,610	13,459,279	42,225,848	69,131,737
12/31/2024	11.00%	15,870,598	15,870,598	32,597,269	64,338,465
12/31/2025	11.00%	16,102,443	16,156,407	49,203,504	81,462,354

DEDUCTIONS BY TYPE

<u>Fiscal Year Ended</u>	<u>Benefit Payments</u>	<u>Refunds</u>	<u>Admin Expenses</u>	<u>Total</u>
12/31/2016	25,737,515	729,741	477,252	26,944,508
12/31/2017	26,891,785	551,908	563,078	28,006,771
12/31/2018	28,309,344	554,422	554,484	29,418,250
12/31/2019	30,055,864	544,438	555,763	31,156,065
12/31/2020	31,595,115	513,758	619,135	32,728,008
12/31/2021	33,256,350	741,019	603,645	34,601,014
12/31/2022	35,057,797	1,210,280	679,519	36,947,596
12/31/2023	36,088,238	1,378,166	572,501	38,038,905
12/31/2024	37,787,161	956,431	485,504	39,229,096
12/31/2025	39,871,745	1,019,988	653,075	41,544,808

Table 17**SCHEDULE OF MEMBERSHIP**

<u>Fiscal Year Ended</u>	<u>Active Members</u>	<u>Terminated Vested Members</u>	<u>Service Retirees and Beneficiaries</u>	<u>Disabled Retirees</u>	<u>Total in Pay Status</u>	<u>Total Members</u>
12/31/2016	1,460	109	1,333	9	1,342	2,911
12/31/2017	1,444	113	1,367	9	1,376	2,933
12/31/2018	1,481	123	1,415	9	1,424	3,028
12/31/2019	1,499	119	1,449	8	1,457	3,075
12/31/2020	1,464	131	1,496	8	1,504	3,099
12/31/2021	1,494	134	1,526	8	1,534	3,162
12/31/2022	1,535	161	1,574	8	1,582	3,278
12/31/2023	1,605	175	1,582	7	1,589	3,369
12/31/2024	1,603	169	1,623	7	1,630	3,402
12/31/2025	1,627	172	1,644	5	1,649	3,448

Table 18**SCHEDULE OF ACTIVE MEMBERS VALUATION DATA**

<u>Fiscal Year Ended</u>	<u>Active Members</u>	<u>Projected Covered Payroll</u>	<u>Average Payroll Rate</u>	<u>Annual Percentage Increase in Average Payroll Rate</u>
12/31/2016	1,460	102,378,550	70,122	6.34%
12/31/2017	1,444	102,844,614	71,222	1.57%
12/31/2018	1,481	107,017,146	72,260	1.46%
12/31/2019	1,499	111,746,539	74,547	3.16%
12/31/2020	1,464	112,984,469	77,175	3.53%
12/31/2021	1,494	116,866,751	78,224	1.36%
12/31/2022	1,535	126,830,000	82,625	5.63%
12/31/2023	1,605	139,760,331	87,078	5.39%
12/31/2024	1,603	144,222,169	89,970	3.32%
12/31/2025	1,627	153,718,749	94,480	5.01%

Table 19**SCHEDULE OF RETIREES ADDED TO AND REMOVED FROM ROLLS**

<u>Fiscal Year Ended</u>	<u>Added</u>	<u>Annual Benefits Added</u>	<u>Removed</u>	<u>Annual Benefits Removed</u>	<u>Total</u>	<u>Annual Benefits</u>	<u>Percent Change</u>	<u>Average Annual Benefits</u>	<u>Retirees as Percent of Active Members</u>	
									<u>Number</u>	<u>Pay</u>
12/31/2016	82	2,262,702	40	753,144	1,342	26,197,453	6.1%	19,521	91.9%	25.6%
12/31/2017	75	1,862,418	41	685,721	1,376	27,374,150	4.5%	19,894	95.3%	26.6%
12/31/2018	81	2,054,117	33	488,082	1,424	28,940,185	5.7%	20,323	96.2%	27.0%
12/31/2019	80	2,240,959	47	715,467	1,457	30,465,677	5.3%	20,910	97.2%	27.3%
12/31/2020	83	2,566,143	36	554,098	1,504	32,477,722	6.6%	21,594	102.7%	28.7%
12/31/2021	72	2,059,726	42	814,979	1,534	33,722,469	3.8%	21,983	102.7%	28.9%
12/31/2022	100	2,851,536	52	893,180	1,582	35,680,825	5.8%	22,554	103.1%	28.1%
12/31/2023	48	1,433,010	41	709,535	1,589	36,404,300	2.0%	22,910	99.0%	26.0%
12/31/2024	87	3,259,846	46	696,228	1,630	38,967,918	7.0%	23,907	101.7%	27.0%
12/31/2025	64	2,640,039	45	921,177	1,649	40,686,780	4.4%	24,674	101.4%	26.5%

Table 20**SCHEDULE OF BENEFIT PAYMENTS BY TYPE**

<u>Fiscal Year Ended</u>	<u>Service Retirement</u>	<u>Disability Retirement</u>	<u>Beneficiaries</u>	<u>Refunds</u>	<u>Total Benefits</u>
12/31/2016	23,765,713	125,328	1,846,474	729,742	26,467,257
12/31/2017	24,852,640	125,328	1,913,817	551,908	27,443,693
12/31/2018	26,202,801	125,328	1,981,215	554,422	28,863,766
12/31/2019	27,788,707	124,164	2,142,993	544,438	30,600,302
12/31/2020	29,378,701	114,580	2,101,834	513,758	32,108,873
12/31/2021	30,993,999	114,580	2,147,773	741,019	33,997,371
12/31/2022	32,696,266	114,580	2,246,952	1,210,280	36,268,078
12/31/2023	33,622,180	109,613	2,356,445	1,378,166	37,466,404
12/31/2024	35,144,451	97,389	2,545,321	956,431	38,743,592
12/31/2025	37,126,418	88,615	2,656,712	1,019,988	40,891,733

Table 21**SCHEDULE OF AVERAGE ANNUAL BENEFIT PAYMENTS**

<u>Fiscal Year Ended</u>	<u>Service Retirement and Beneficiaries</u>	<u>Disability Retirement</u>	<u>Total</u>	<u>Annual Percentage Increase in Average Benefits</u>
12/31/2016	19,214	13,925	19,178	4.06%
12/31/2017	19,580	13,925	19,543	1.90%
12/31/2018	19,918	13,925	19,880	1.72%
12/31/2019	20,657	15,521	20,629	3.77%
12/31/2020	21,043	14,323	21,007	1.83%
12/31/2021	21,718	14,323	21,679	3.20%
12/31/2022	22,200	14,323	22,160	2.22%
12/31/2023	22,742	15,659	22,711	2.49%
12/31/2024	23,222	13,913	23,182	2.07%
12/31/2025	24,199	17,723	24,179	4.30%

Table 22**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS****Actuarial Cost Method**

The actuarial cost method used to determine the actuarial accrued liability and the normal cost for both funding and financial reporting purposes is the Entry Age Normal (EAN) Actuarial Cost Method. The accrued liability and the normal cost are used to determine the City's contribution requirement. Under this method, the cost of each individual's pension is allocated on a level percent of payroll basis between the time employment starts (entry age) and the assumed retirement date. The normal cost is the amount allocated for a given year and accrued liability is the accumulation of prior normal costs as of the determination date. The total actuarial liability for retirement benefits is the sum of the accrued liability for each active member.

The actuarial accrued liability and normal cost for termination benefits, disability benefits, and pre-retirement spouse's death benefits are determined in a similar manner as for retirement benefits described above.

The actuarial accrued liability for inactive members is determined as the actuarial present value of the benefits expected to be paid; no normal cost is determined for these members.

Unless otherwise specified, the following actuarial assumptions and methods were adopted December 31, 2022.

Actuarial Assumptions

Mortality:	Healthy Lives	Pub-2010 Table for General Employees/Retirees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.	
	Disabled Lives	Pub-2010 Table for General Disabled Employees with ages set forward 2 years for males and 1 year for females using Projection Scale MP-2021.	
Interest:	7.5% per year, compounded annually		
GASB 67 Blended Discount Rate:	Beginning of Period:	7.50%	
	End of Period:	7.50%	
Amortization of Unfunded Liability:	Closed 30 year amortization as a level percent of payroll. Payroll growth assumed to be 3.5% per year. Prior bases established between December 31, 2017 and December 31, 2021 were combined into one base with a weighted average remaining amortization period of 25 years.		

Table 22**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS**

Turnover: In accordance with the following table based on service:

<u>Years of Service</u>	<u>Turnover Probability</u>
<1	12.0%
1	8.0%
2-3	7.0%
4	6.0%
5-7	5.0%
8	4.0%
9-10	3.0%
11+	2.0%

Retirement: In accordance with the following table based on age:

<u>Age</u>	<u>Retirement Probability</u>	<u>Age</u>	<u>Retirement Probability</u>
<50	0.0%	67	40.0%
50	10.0%	68	25.0%
51-53	4.0%	69	33.0%
54-59	5.0%	70	45.0%
60	10.0%	71	25.0%
61	15.0%	72	45.0%
62	20.0%	73	30.0%
63	15.0%	74	15.0%
64	20.0%	75+	100.0%
65-66	25.0%		

Disability: None assumed

Table 22**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS**

Salary Increases: In accordance with the following table based on service:

<u>Years of Service</u>	<u>Annual Increase</u>
<1	10.0%
1	9.0%
2	8.0%
3	7.0%
4	6.0%
5	5.0%
6	4.0%
7-11	3.5%
12-18	3.0%
19+	2.5%

There is a 4.0% minimum salary increase assumption for the 2026 year.

Inflation Rate: 2.50% per year

Non-Investment Expenses: Prior year's actual amount rounded up to next \$100,000

Family Composition: 75% of employees are assumed to be married with males assumed to be four years older than their spouses.

Asset Valuation Basis

In order to smooth out market value fluctuations for purposes of developing the ADC, the difference between actual investment earnings over expected investment earnings will be recognized in equal amounts over a five-year period with the restriction that the smoothed value of assets may not be less than 90% nor greater than 110% of market value.

Table 23**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**

Outlined on the following pages are the principal features of the Plan reflected in the 2025 valuation.

Definitions:

Creditable Service	Service credited as an employee of the City of Spokane during which contributions were made as an eligible member of the Retirement System up to a maximum of 40 years. The maximum is 35 years for employees hired after January 1, 2015, but before December 31, 2017. The maximum is 30 years for employees hired prior to January 1, 2009 who terminate after January 1, 2009 and who do not elect the alternate benefit formula.
Service Buy-Back	A six-month window was opened from October 1, 2009 through March 31, 2010 during which members who had withdrawn their retirement accumulations and not elected to buy back prior service time could do so. Future rehired employees will have one year from their date of rehire to elect to buy back prior service time.
Compensation	Total amount received by an employee including base pay, shift differential, overtime, holiday pay, hazardous duty pay and out-of-classification pay and not reduced by salary reduction contributions to the City's cafeteria plan or Section 457 plan. For employees hired after January 1, 2018, overtime compensation will be capped at 120% of an employee's annual base salary.
Final Compensation	The highest average annual Compensation received by a member during any three consecutive years. For employees hired prior to January 1, 2015, the highest average annual Compensation received by a member during any two consecutive years.
Normal Retirement Date	The first day of the month coinciding with or next following the attainment of age 65 and completion of 7 years of Creditable Service. For employees hired prior to January 1, 2015, the first day of the month coinciding with or next following the attainment of age 62 and completion of 5 years of Creditable Service.

Table 23**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**

Early Retirement Date The first day of the month coinciding with or next following the attainment of age 50 and with the sum of age plus Creditable Service greater than or equal to 90. Employees hired between January 1, 2015 and December 31, 2017, the first day of the month coinciding with or next following the attainment of age 50 and with the sum of age plus Creditable Service greater than or equal to 80. Employees hired between January 1, 2009 and December 31, 2014, the first day of the month coinciding with or next following the attainment of age 50 and with the sum of age plus Creditable Service greater than or equal to 75. Employees hired prior to January 1, 2009 who terminate after January 1, 2009 and who do not elect the alternate benefit formula described below may retire after attainment of age 50 with 5 years of Creditable Service.

Member and City Contributions	Effective 12/24/2023	11.00%
	12/26/2021 - 12/23/2023	10.25%
	12/27/2020 - 12/25/2021	10.00%
	12/15/2019 - 12/26/2020	9.75%
	12/16/2018 - 12/14/2019	9.25%
	12/17/2017 - 12/15/2018	9.00%
	09/01/2014 - 12/16/2017	8.25%
	Prior to 9/1/2014	7.75%

Member contributions are credited with 2.5% interest annually, compounded quarterly.

Service Retirement Eligibility A member is eligible for normal retirement on his Normal Retirement Date. For members hired after January 1, 2018, early retirement is permitted at any time after attaining age 50 if the sum of age plus Creditable Service is greater than or equal to 90. For members hired between January 1, 2015 and December 31, 2017, early retirement is permitted at any time after attaining age 50 if the sum of age plus Creditable Service is greater than or equal to 80. For member hired between January 1, 2009 and December 31, 2014, early retirement is permitted at any time after attaining age 50 if the sum of age plus Creditable Service is greater than or equal to 75. Early retirement is permitted at any time after attaining age 50 with 5 years of Credited Service for employees hired prior to January 1, 2009 who terminate after January 1, 2009 and who do not elect the alternate benefit formula described below.

Table 23**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**

Service Retirement Allowance Upon service retirement, a member becomes eligible to receive an annual allowance, payable in equal monthly installments. The annual allowance is computed as follows:

Normal Retirement Allowance

Applies to all employees hired after December 31, 2017. Employees hired before January 1, 2018 who terminate after January 1, 2018 may elect this formula at retirement.

An amount equal to 2.00% of the member's Final Compensation, multiplied by the number of years of Creditable Service up to 40 years. The maximum annual benefit is 80.0% of Final Compensation.

Normal Retirement Allowance under Alternate Benefit Formula

Applies to all employees hired between January 1, 2009 and December 31, 2017. Employees hired before January 1, 2009 who terminate after January 1, 2009 may elect this formula at retirement.

An amount equal to 2.00% of the member's Final Compensation, multiplied by the number of years of Creditable Service up to 35 years. The maximum annual benefit is 70.0% of Final Compensation.

Normal Retirement Allowance under Benefit Formula in SMC 3.05.160

Employees hired before January 1, 2009 who terminate after January 1, 2009 may elect this formula at retirement.

An amount equal to 2.15% of the member's Final Compensation, multiplied by the number of years of Creditable Service up to 30 years. The maximum annual benefit is 64.5% of Final Compensation.

Early Retirement Allowance

The Normal Retirement Allowance calculated using Creditable Service and Final Compensation as of the member's Early Retirement Date. For employees hired after January 1, 2018, a reduction of 2.5% will be applied for each year under age 65.

Table 23**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**

Disability Retirement Eligibility	Permanent and total disability, as determined by the Board, prior to Normal Retirement Age provided the member has at least 7 years (5 years for employees hired prior to January 1, 2015) of City service in the ten-year period prior to disability. The 7 (or 5) year service requirement does not apply if the disability is due to accidental causes while engaged in City service.
Disability Retirement Allowance	An amount equal to 1.25% of the member's Final Compensation, multiplied by the number of years of Creditable Service projected to Normal Retirement Age. The minimum annual benefit is \$2,400 per year for "Duty Related" disability and \$1,200 per year for "Non-duty Related" disability.
Withdrawal Benefits	If termination occurs after seven years of service (five years of service for members hired prior to January 1, 2015), a member is entitled to a retirement allowance commencing on his Early Retirement Date or later, up to his Normal Retirement Date, based on his years of Creditable Service and Final Compensation as of his termination date provided he has not withdrawn his Member Contributions.
Death Benefit Before Retirement	Not married or not completed 7 years of service (5 years of service if hired prior to January 1, 2015) Beneficiary will receive a refund of the member's contributions with interest. Married with 7 years of service (5 years of service if hired prior to January 1, 2015) The surviving spouse of a member may elect to receive the survivor's portion of the benefit that would have been payable if the member had survived to his earliest retirement date and elected the 100% Joint & Survivor option in lieu of a refund of the member's contribution account.
Post-retirement Death	An amount determined in accordance with the optional form of payment elected at retirement, but not less than the accumulated value of the member's contributions with interest less actual payments made.

Appendix I

Plan Risks (ASOP 51 Compliance)

Risk may be broadly defined as the chance an outcome or result will differ from the expected outcome or result. In the context of defined benefit pension plans risk is the potential for the future financial condition of the plan to deviate from that expected due to future actual experience different from assumed or expected experience. ASOP 51 requires the actuary to identify and assess risks that may reasonably be expected to impact the plan. Some of the more significant risks are described below. Please let us know if you would like us to quantify or model these risks or any others in more detail.

A. Investment Risk

Investment risk is the risk that actual investment returns differ from the assumed rate of return. Investment returns can be very volatile. Even if the assumed rate of return is realized over the long term, this volatility can lead to significant swings in the plan's funded status and contribution requirement from year to year. Furthermore there is the risk that the assumed rate of return may not be realized.

The assumed rate of return for the plan was 7.50% for 2025. Investment returns below the assumed rate of return increase plan costs and decrease the plan's funded status while investment returns in excess of the assumed rate of return decrease plan costs and improve the plan's funded status.

B. Interest Rate Risk

Interest rate risk is the risk that future interest rates differ from expected interest rates. The interest rate is used to discount future expected benefit payments in order to determine a plan's liability as of the measurement date. Higher interest rates result in lower liabilities and lower interest rates result in higher liabilities.

The liability of your plan has a duration of 9.76 as of December 31, 2025. This means a 1% change in interest rates would result in approximately a 10% change in liability. A 1% increase in interest rates would lower plan liability and vice versa.

C. Asset/Liability Mismatch Risk

Asset/Liability mismatch risk is the risk that changes in future asset values are not matched by changes in the value of plan liabilities. Both assets and liabilities are sensitive to interest rates however the same change in interest rates may have differing impact on assets versus liabilities both in terms of direction and magnitude. Matching the duration of interest rate sensitive assets in the plan's portfolio with the duration of the plan's liabilities (see Interest Rate Risk above) is a method that can be employed to protect the plan's funded status from interest rate fluctuations.

Appendix I

Plan Risks (ASOP 51 Compliance)

D. Longevity Risk

Longevity risk is the risk that mortality experience will be different than expected. Since the plan is not large enough to have credible mortality experience, standard tables are used. The standard tables are comprised of "base rates" and a mortality improvement projection scale which anticipates continued improvement in mortality in the future. If plan participants live longer than expected, the cost of providing lifetime benefits increases and vice versa.

E. Contribution Risk

Contribution risk is the risk that required contributions as determined by the actuary are not made. A comparison of the actuarially determined contribution (ADC) to employer contributions actually made may be found in Table 12.

F. Plan Maturity Measures

Plan maturity measures are ratios intended to measure the maturity level of a plan. As a plan becomes more mature contribution requirements become more sensitive to investment volatility and more conservative investment strategies may be considered. A high ratio indicates a mature plan.

1. Ratio of retired life liability to total liability: 0.61

A high ratio of retired life liability to total liability indicates a larger proportion of the liability is due to "fixed" benefit amounts. As a result, attempts to mitigate fluctuating contribution requirements through plan amendments affecting future benefit accruals will have less of an impact.

2. Ratio of net cash flow to market value of assets: (0.02)

Net cash flow represents contributions received for the year less benefit payments and expenses. Investment income is excluded. A large negative ratio indicates a significant percentage of the assumed rate of return must be realized to cover the annual cash outflow.

3. Ratio of benefit payments to contributions: 1.27

A high ratio of benefit payments to contributions indicates the extent to which investment return is relied upon to improve the funded status and reduce future costs. A fully funded plan would expect benefit payments to equal or exceed contributions.

Appendix II**LOW-DEFAULT-RISK OBLIGATION MEASURE (LDROM) - (ASOP 4 COMPLIANCE)**

The LDROM helps understand the cost of investing in an all-bond portfolio and significantly lowering expected long-term investment returns. The funded status and Actuarially Determined Contributions are determined using the expected return on assets which reflects the actual investment portfolio. Benefit security for members of the plan relies on a combination of the assets in the plan, the investment returns generated on those assets, and the promise of future contributions from the plan sponsors.

Since the assets are not invested in an all-bond portfolio, the LDROM does not indicate the funding status or progress, nor provide information on necessary plan contributions or the security of participant benefits. The difference between the plan's Actuarial Accrued Liability and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan's diversified portfolio compared to investing only in high quality bonds.

Type of Member	Valuation AAL	LDROM 12/31/2025 Treasury Rates
Retirees and Beneficiaries	385,650,387	476,205,699
Disabled Members	612,905	740,215
Terminated Members	22,230,933	31,454,116
Active Members	<u>228,277,774</u>	<u>330,689,817</u>
Total	636,771,999	839,089,847

The single interest rate used for the LDROM liabilities shown above is 4.89% and is based on comparing expected cash flows under the System to the Treasury Nominal Coupon-Issue Yield Curve as of December 31, 2025.

Appendix III*Data Tables*

Exhibit A	Summary of Membership Data as of December 31, 2025
Exhibit B	20 Year Benefit Payment Projections
Exhibit C	Age and Service Distributions
Exhibit D	Age, Salary and Service Distributions
Exhibit E	Average Benefits for Service Retirement
Exhibit F	Average Benefits for Survivor Beneficiary
Exhibit G	Average Benefits for Disability Retirement
Exhibit H	Average Benefits for Vested Terminations
Exhibit I	Average Benefits for Portables

EXHIBIT A

Summary of Membership Data
December 31, 2025
Active Members

Item	Male	Female	Total
Number of Members	1,107	520	1,627
Annual Salaries	\$100,668,358	\$45,112,849	\$145,781,207
Average Age	46.4	45.5	46.1
Average Service	10.4	9.2	10.0

EXHIBIT A
(continued)

**Summary of Membership Data
December 31, 2025
Retirees and Beneficiaries**

Item	Number	Annual Annuities	Average Annuities
Retired Members	1,464	\$37,651,061	\$25,718
Survivor Annuitants	180	\$2,960,146	\$16,445
Disabled Annuitants	5	\$75,573	\$15,115
Total Annuitants	1,649	\$40,686,780	\$24,674

EXHIBIT A
(continued)

**Summary of Membership Data
December 31, 2025
Vested Terminations and Portables**

Item	Number	Annual Annuities	Average Annuities
Vested Terminations	81	\$1,305,293	\$16,115
Portables*	91	\$1,007,073	\$11,067

* Annuity amounts are estimates based on last known earnings projected to retirement. Actual annuity amounts will be calculated using actual earnings at retirement.

EXHIBIT B

**20 Year Benefit Payment Projection
December 31, 2025
Spokane Employees' Retirement System**

Year Ended December 31	Current and Future Retirees	Current Retirees Only
2026	\$45,825,617	\$40,397,069
2027	47,394,922	39,743,583
2028	49,009,931	39,042,652
2029	50,453,966	38,292,278
2030	51,820,672	37,487,231
2031	53,000,140	36,629,098
2032	54,189,699	35,725,481
2033	55,163,944	34,770,715
2034	56,094,987	33,765,255
2035	57,184,604	32,712,971
2036	58,163,672	31,607,417
2037	59,178,383	30,457,669
2038	60,230,230	29,259,838
2039	61,144,308	27,997,639
2040	62,000,825	26,696,788
2041	62,755,704	25,393,602
2042	63,514,699	24,047,051
2043	64,214,555	22,684,961
2044	64,782,164	21,323,630
2045	65,367,582	19,959,556

EXHIBIT C
Age and Service Distribution
December 31, 2025
Spokane Employees' Retirement System

Attained Age	Under 1	1 to 4	5 to 9	10 to 14	Years of Creditable Service					30 to 34	35 to 39	40 & Up	Total
					15 to 19	20 to 24	25 to 29						
Under 25	15	25	0	0	0	0	0	0	0	0	0	0	40
25 to 29	26	55	9	0	0	0	0	0	0	0	0	0	90
30 to 34	24	96	53	5	0	0	0	0	0	0	0	0	178
35 to 39	14	88	67	28	10	0	0	0	0	0	0	0	207
40 to 44	18	75	63	38	40	2	0	0	0	0	0	0	236
45 to 49	15	64	53	42	40	27	6	0	0	0	0	0	247
50 to 54	13	54	50	31	42	16	19	1	0	0	0	0	226
55 to 59	7	32	31	23	32	24	31	12	4	0	0	0	196
60 to 64	4	18	30	23	21	22	15	16	4	1	1	1	154
65 to 69	0	2	10	4	5	6	4	5	3	1	1	1	40
70 & Up	0	2	1	3	0	0	1	1	1	1	4	4	13
Total	136	511	367	197	190	97	76	35	12	6	1,627		
Freq. Pct.	8.4%	31.3%	22.5%	12.1%	11.7%	6.0%	4.7%	2.2%	0.7%	0.4%	100.0%		

EXHIBIT D

**Age, Salary and Service Distribution
December 31, 2025
Spokane Employees' Retirement System**

Attained Age	Years of Creditable Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	
Under 25	673,193	1,576,539	0	0	0	0	0	0	0	0	2,249,733
25 to 29	1,440,092	3,810,485	727,012	0	0	0	0	0	0	0	5,977,589
30 to 34	1,461,103	7,330,418	4,930,756	498,190	0	0	0	0	0	0	14,220,467
35 to 39	875,240	6,831,926	6,032,777	3,104,888	884,635	0	0	0	0	0	17,729,465
40 to 44	953,229	6,222,975	6,109,624	4,160,070	4,041,640	163,803	0	0	0	0	21,651,341
45 to 49	967,500	5,435,168	5,242,018	4,849,626	4,116,593	2,509,688	735,173	0	0	0	23,855,766
50 to 54	698,373	4,446,477	5,155,126	3,229,674	4,430,346	1,665,128	1,975,869	66,602	0	0	21,667,594
55 to 59	461,151	2,483,790	2,975,608	2,248,458	2,966,829	2,446,290	3,477,275	1,094,731	327,513	0	18,481,645
60 to 64	309,093	1,364,391	2,767,813	2,501,003	2,227,513	2,010,354	1,486,478	1,656,129	478,024	101,462	14,902,261
65 to 69	0	177,118	1,020,280	397,162	501,692	624,969	492,081	410,041	263,922	74,006	3,961,272
70 & Up	0	109,527	68,245	274,285	0	0	65,804	69,181	88,295	408,737	1,084,075
Total	7,838,975	39,788,813	35,029,260	21,263,356	19,169,248	9,420,232	8,232,681	3,296,683	1,157,754	584,206	145,781,207
Freq. Pct.	5.4%	27.3%	24.0%	14.6%	13.1%	6.5%	5.6%	2.3%	0.8%	0.4%	100.0%
Avg. Sal.	57,640	77,865	95,448	107,936	100,891	97,116	108,325	94,191	96,479	97,368	89,601

EXHIBIT E

**Average Benefits for Service Retirement
December 31, 2025
Spokane Employees' Retirement System**

Attained Age	Male		Female		Total	
	Number	Avg. Ben.	Number	Avg. Ben.	Number	Avg. Ben.
Under 50	0	0	0	0	0	0
50 to 54	24	32,432	13	27,594	37	30,732
55 to 59	47	28,263	37	32,436	84	30,101
60 to 64	100	35,954	65	27,580	165	32,655
65 to 69	188	31,608	115	26,781	303	29,776
70 to 74	205	28,410	139	20,870	344	25,363
75 to 79	186	25,140	107	18,521	293	22,723
80 to 84	80	22,306	59	13,391	139	18,522
85 to 89	35	23,301	33	12,882	68	18,245
90 to 94	13	15,334	10	12,330	23	14,028
95 & Up	2	8,814	6	6,129	8	6,800
Total	880	28,366	584	21,728	1,464	25,718
Average Age	71.8		72.5		72.0	
Freq. Pct.	60.1%		39.9%		100.0%	

EXHIBIT F

**Average Benefits for Survivor Beneficiary
December 31, 2025
Spokane Employees' Retirement System**

Attained Age	Male		Female		Total	
	Number	Avg. Ben.	Number	Avg. Ben.	Number	Avg. Ben.
Under 50	0	0	1	15,194	1	15,194
50 to 54	0	0	2	32,055	2	32,055
55 to 59	0	0	1	24,705	1	24,705
60 to 64	0	0	7	24,681	7	24,681
65 to 69	3	10,776	21	19,941	24	18,795
70 to 74	3	14,549	38	18,182	41	17,916
75 to 79	5	21,041	26	20,190	31	20,328
80 to 84	0	0	27	14,405	27	14,405
85 to 89	1	4,721	26	10,504	27	10,290
90 to 94	1	11,974	14	11,935	15	11,938
95 & Up	0	0	4	5,430	4	5,430
Total	13	15,221	167	16,541	180	16,445
Average Age	76.8		77.7		77.7	
Freq. Pct.	7.2%		92.8%		100.0%	

EXHIBIT G

**Average Benefits for Disability Retirement
December 31, 2025
Spokane Employees' Retirement System**

Attained Age	Male		Female		Total	
	Number	Avg. Ben.	Number	Avg. Ben.	Number	Avg. Ben.
Under 50	0	0	0	0	0	0
50 to 54	0	0	0	0	0	0
55 to 59	0	0	0	0	0	0
60 to 64	1	18,583	1	19,080	2	18,831
65 to 69	1	16,772	0	0	1	16,772
70 to 74	0	0	0	0	0	0
75 to 79	0	0	1	7,844	1	7,844
80 to 84	1	13,295	0	0	1	13,295
85 to 89	0	0	0	0	0	0
90 to 94	0	0	0	0	0	0
95 & Up	0	0	0	0	0	0
Total	3	16,216	2	13,462	5	15,115
Average Age	70.3		67.7		69.2	
Freq. Pct.	60.0%		40.0%		100.0%	

EXHIBIT H

**Average Benefits for Vested Terminations
December 31, 2025
Spokane Employees' Retirement System**

Attained Age	Male		Female		Total	
	Number	Avg. Ben.	Number	Avg. Ben.	Number	Avg. Ben.
Under 30	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0
35 to 39	7	13,232	5	16,579	12	14,626
40 to 44	12	20,814	6	11,475	18	17,701
45 to 49	13	19,092	14	13,641	27	16,266
50 to 54	6	18,625	4	17,218	10	18,062
55 to 59	6	15,788	1	9,904	7	14,947
60 to 64	5	13,476	2	9,682	7	12,392
65 & Up	0	0	0	0	0	0
Total	49	17,642	32	13,777	81	16,115
Average Age	48.3		47.1		47.8	
Freq. Pct.	60.5%		39.5%		100.0%	

EXHIBIT I

**Average Benefits for Portables
December 31, 2025
Spokane Employees' Retirement System**

Attained Age	Male		Female		Total	
	Number	Avg. Ben.*	Number	Avg. Ben.*	Number	Avg. Ben.*
Under 30	0	0	2	1,810	2	1,810
30 to 34	0	0	2	2,560	2	2,560
35 to 39	5	4,086	6	3,968	11	4,021
40 to 44	6	21,198	12	7,664	18	12,175
45 to 49	6	16,449	8	17,999	14	17,335
50 to 54	7	10,110	4	16,933	11	12,591
55 to 59	7	5,300	8	21,487	15	13,933
60 to 64	9	9,258	6	4,723	15	7,444
65 & Up	1	4,128	2	14,486	3	11,034
Total	41	10,772	50	11,309	91	11,067
Average Age	52.3		48.2		50.1	
Freq. Pct.	45.1%		54.9%		100.0%	

* Annuity amounts are estimates based on last known earnings projected to retirement. Actual annuity amounts will be calculated using actual earnings at retirement.

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Statistical Section

Schedule of Revenues by Source

Fiscal Year	Employer Contribution	Employer Contributions	Member Contributions	Net Investment Income	Total Revenues
2016	8.25%	7,586,362	7,586,362	16,802,274	31,974,998
2017 ¹	8.25%	8,113,319	8,113,319	43,085,572	59,312,210
2018 ²	9.00%	9,187,420	9,188,781	(18,715,945)	(339,744)
2019 ³	9.25%	9,824,717	9,827,760	50,166,728	69,819,205
2020 ⁴	9.75%	10,659,281	10,659,281	33,795,088	55,113,650
2021 ⁵	10.00%	11,519,708	11,519,708	46,166,835	69,206,251
2022	10.25%	11,863,726	11,931,102	(50,241,335)	(26,446,507)
2023	10.25%	13,446,610	13,459,279	42,225,848	69,131,737
2024 ⁶	11.00%	15,870,598	15,870,598	32,597,269	64,338,465
2025	11.00%	16,102,443	16,156,407	49,203,504	81,462,354

¹ Effective December 17, 2017, the annual Contribution Rate changed from 8.25% to 9.00%. 8.25% represents the average rate of contributions received during 2017.

² Effective December 16, 2018, the annual Contribution Rate changed from 9.00% to 9.25%. 9.00% represents the average rate of contributions received during 2018.

³ Effective December 15, 2019, the annual Contribution Rate changed from 9.25% to 9.75%. 9.25% represents the average rate of contributions received during 2019.

⁴ Effective December 27, 2020, the annual Contribution Rate changed from 9.75% to 10.0%. 9.75% represents the average rate of contributions received during 2020.

⁵ Effective December 26, 2021, the annual Contribution Rate changed from 10.0% to 10.25%. 10.0% represents the average rate of contributions received during 2021.

⁶ Effective December 24, 2023, the annual Contribution Rate changed from 10.25% to 11.0%.

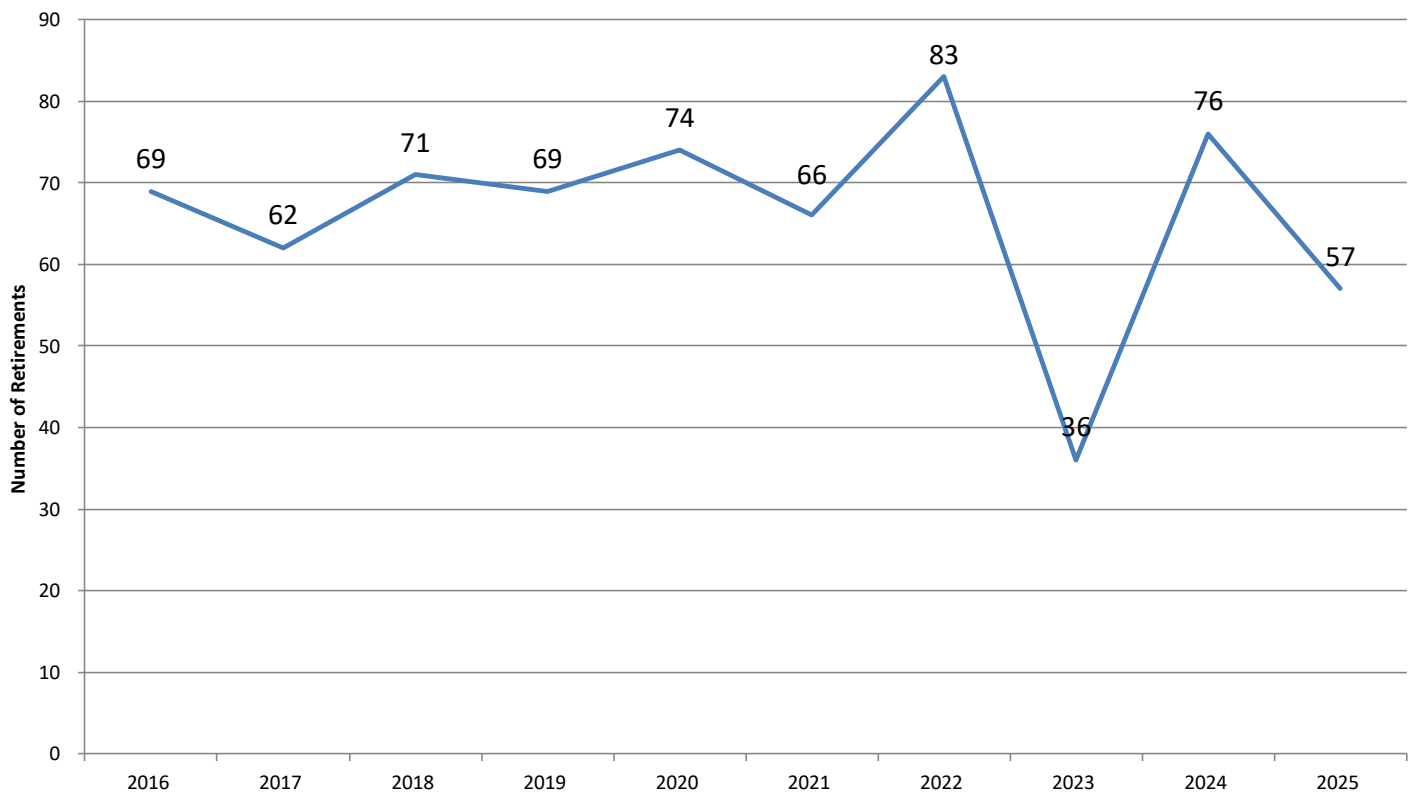
Schedule of Expenses by Type

Fiscal Year	Benefits	Refunds	Net Administrative	Total Expenses
2016	25,737,515	729,741	477,252	26,944,508
2017	26,891,785	551,908	563,078	28,006,771
2018	28,309,344	554,422	554,484	29,418,250
2019	30,055,864	544,438	555,763	31,156,065
2020	31,595,115	513,758	619,135	32,728,008
2021	33,256,350	741,019	603,645	34,601,014
2022	35,057,797	1,210,280	679,519	36,947,596
2023	36,088,238	1,378,166	572,501	38,038,905
2024	37,787,161	956,431	485,504	39,229,096
2025	39,871,745	1,019,988	653,075	41,544,808

Schedule of Benefit Expenses by Type

Year	Service Retiree Benefits	Survivor Benefits	Disability Retiree Benefits	Refunds	Total
2016	23,765,713	1,846,474	125,328	729,741	26,467,256
2017	24,852,640	1,913,817	125,328	551,908	27,443,693
2018	26,202,801	1,981,215	125,328	554,422	28,863,766
2019	27,788,707	2,142,993	124,164	544,438	30,600,302
2020	29,378,701	2,101,834	114,580	513,758	32,108,873
2021	30,993,999	2,147,773	114,580	741,019	33,997,371
2022	32,696,266	2,246,952	114,580	1,210,280	36,268,077
2023	33,622,180	2,356,445	109,613	1,378,166	37,466,404
2024	35,144,451	2,545,321	97,389	956,431	38,743,592
2025	37,126,418	2,656,712	88,615	1,019,988	40,891,733

Retirements by Year



Retirements During 2025

Name	Department	Position	Date Retired	Option	Serv Yrs	Age
Beegle, Jeffrey A.*	Solid Waste Management	Refuse Collector III	9/1/2025	C-20	13.3	50
Bentley, Anthony C.	Sewer Maintenance	Wastewater Specialist	1/9/2025	ST	26.7	56
Bradshaw, Melodi J.	Solid Waste Management	Office Clerk Specialist	6/14/2025	ST	32.7	56
Burch, Eric L. #	Information Technology	Information Systems Analyst II	11/1/2025	ST	8.5	62
Burns, Stephen M. *	Water	Director - Water/Hydroelectric Services	6/1/2025	E	20.5	50
Busch, Alice M.	Parks & Recreation	Recreation Supervisor	9/27/2025	D	36.1	62
Carlton, Robert S.	Water	Welder Foreperson	6/3/2025	E	27.2	62
Cassie, Christine A.	Police	Police Records Specialist	10/3/2025	C-5	18.0	74
Champagne, Aaron J. *	Parks & Recreation	Facilities Maintenance Foreperson	9/1/2025	ST	17.1	50
Chapin, Paul H.	Library	Community Engagement Manager	8/2/2025	E	7.1	67
Clinton, Timothy D.	Water	Certified Water Service Specialist	6/7/2025	E	11.5	67
Costich, Ivan J.	Streets	Street Maintenance Operator I	11/22/2025	E	25.1	50
Crooks, Ezra T. *	Advanced Wastewater Treatment	Wastewater Treatment Plant Operations Supervisor	9/1/2025	ST	23.4	50
Dallman, Steven A.	Advanced Wastewater Treatment	Stationary Engineer	3/1/2025	ST	14.8	66
Davis, Marcia F.	Integrated Capital Management	Director of Integrated Capital Management	12/27/2025	E	19.3	63
Delaney, Howard F.	Municipal Court	Court Commissioner	10/25/2025	E	12.4	68
Downs, William L.	Water	Utility Service Representative	2/5/2025	E	26.3	67
Earls, Lynda S.	Municipal Court	Court Clerk I	7/4/2025	E	16.8	61
Eveland, Marcus P.	Street	Traffic Signs & Markers Supervisor	7/4/2025	ST	27.4	56
Frey, David J.	Water Division	Laborer II	10/18/2025	E	21.5	58
Goan, Michael A.	Advanced Wastewater Treatment	Wastewater Treatment Plant Operator III	10/4/2025	ST	20.1	69
Golden, Angela K. #	Finance	Internal Auditor/Budget Analyst	7/1/2025	ST	17.2	55
Graf, Kristine M.	Water	Water Quality Analyst	10/2/2025	ST	19.0	58
Ham Jr, Frank M.	Advanced Wastewater Treatment	Wastewater Treatment Plant Operator III	6/7/2025	C-5	23.1	66
Hanson, Richard A.	Sewer Maintenance	Senior Engineer II	8/9/2025	E	21.7	62
Hogberg, John E.	Engineering Services	Field Engineer	12/20/2025	ST	25.3	60
Ivester, Deborah J. *	Parks & Recreation	Recreation Supervisor I	7/1/2025	ST	5.7	70
Jacobs, Randy E.	Solid Waste Disposal	Heavy Equipment Operator	11/3/2025	ST	34.2	63
Jacobson, Erin A. *	Legal	Chief Labor Assistancy City Attorney	12/1/2025	ST	7.1	50
Kent, Rick L.	Parks & Recreation	Park Caretaker	9/13/2025	ST	7.6	68
Knaack, Judith M.	Library	Library Assistant	1/4/2025	E	45.2	67
Kokot, David F.	Emergency Medical Services (EMS)	Principal Engineer	9/3/2025	D	23.6	65
Lattin, Kenneth A.	Advanced Wastewater Treatment	Wastewater Treatment Plant Maintenance Mechanic	7/12/2025	E	18.3	67
Lekse, Keith D.	Advanced Wastewater Treatment	Wastewater Operations Specialist	5/3/2025	ST	16.1	61
Lok, David B.	Code Enforcement	Enforcement Specialist	5/2/2025	E	21.7	59
Martin, Daniel E.	Street	Sign Painter	2/7/2025	ST	32.1	60
Miller, Katherine E.	Integrated Capital Management	Director - Strategic Initiatives & Development	4/12/2025	D	24.8	54
Montague, James M.	Sewer Maintenance	Wastewater Supervisor	5/9/2025	E	33.6	66
Murray, Michelle L.	Accounting	Director - Accounting & Grants	1/4/2025	ST	16.8	53
Orr, Rose M.	Self-Funded Medical	HR Management System Specialist	5/22/2025	ST	16.8	64
Paine, David W.	Solid Waste Disposal	Waste to Energy Plant Manager	6/7/2025	E	8.5	68
Pen, Duane L.	Solid Waste Management	Refuse Collector III	3/8/2025	ST	32.1	63
Reynolds, Diane M.	Utility Billing Office	Office Clerk Assistant	12/2/2025	ST	35.7	88
Riddle, Cheryl L.	Advanced Wastewater Treatment	Office Clerk Specialist	8/2/2025	D	11.5	62
Riddle, Robby L.	Water	Water Service Specialist	6/7/2025	D	21.9	62
Riggs, Kimberly A.	Advanced Wastewater Treatment	Office Clerk Specialist	8/2/2025	E	9.6	55
Sampson, Julie A. *	Police	Attorney Assistant	7/1/2025	ST	8.6	59
Searl, Loren J. *	Water	Director - Water/Hydroelectric Services	6/1/2025	ST	27.7	54
Shine, Richard J.	Engineering Services	Engineering Technician IV	4/12/2025	E	41.2	65
Smith, Scott J.	Engineering Services	Public Works Lead Inspector	10/2/2025	ST	15.5	62
Sobosky, Teresa M.	Municipal Court	Court Clerk II	7/4/2025	E	22.7	62
Springer, Joy M.	Accounting	Accounting Clerk	5/10/2025	ST	45.3	72
Stripes, Teresa L.	Planning Services	Principal Planner	3/29/2025	E	17.9	57
Thompson, Tracey L.	Library	Library Caretaker II	7/19/2025	C-5	13.5	59
Tipke, Troy J.	Police	Police Radio Dispatcher III	9/6/2025	E	33.5	63
Troyer, Russell K.	Solid Waste Disposal	Waste to Energy Utility Operator	3/2/2025	E	34.6	62
Westberg, Jerald J.	Fleet Services	Equipment Operator	11/4/2025	E	10.3	67

* Retired as vested employee # Retired under membership through Portability ^ Retired as spouse of deceased active employee

Retiree Deaths During 2025

Name	Date Retired	Date of Death	Age	Retirement Option
Benson, Janice M.	09/20/2019	02/13/2025	78	E
Bosch, Colleen A.	11/27/2010	11/24/2025	97	E
Bradshaw, Deborah L.	01/21/2002	09/29/2025	73	ST
Burke, Karen C.	07/03/2019	03/16/2025	63	ST
Butz, Gregory J.	05/09/2018	12/12/2025	69	E
Compau, Jay P.	03/16/2020	12/09/2025	93	E
Condon, Anita C.	05/31/1995	10/20/2025	79	Dis
Costigan, Robert A.	05/01/1994	05/31/2025	97	ST
Cowart, Michael F.	12/03/2002	01/06/2025	67	Dis
DuBois, John C.	04/05/2014	06/09/2025	76	E
Edwards, Charles J.	01/09/2000	10/28/2025	87	ST
Ellison, William N.	11/02/2011	06/24/2025	78	E
Fortin, Peter G.	02/19/2000	01/05/2025	86	E
Gilmore, James V.	06/21/2014	07/15/2025	76	D
Grothe, Daniel A.	10/03/1998	07/04/2025	77	ST
Gurske, Shawn C.	11/07/2009	02/10/2025	65	ST
Haight, Susan K.	06/05/2013	07/12/2025	76	ST
Hartman, Michael W.	03/03/2017	12/06/2025	72	ST
Hoagland, Robert L.	06/16/1987	06/08/2025	87	ST
Holm, Kevin R.	06/08/2013	02/19/2025	75	ST
Hottell, Virginia E.	11/20/2015	04/29/2025	83	D
Huntley, John W.	04/10/1993	01/08/2025	94	ST
Ingle, David D.	05/05/2007	06/18/2025	76	E
Ingram, Janet M.	11/03/2007	01/01/2025	85	ST
Jantz, Dwayne C.	02/10/2010	09/03/2025	79	ST
Jewett, Kristina M.	06/24/2019	08/02/2025	71	E
Knox, Katherine S.	10/30/2021	06/20/2025	71	E
Maly, Evelyn L.	07/15/2017	01/29/2025	96	D
McCauley, Ira J.	07/03/1990	02/14/2025	84	E
Miller, Glenn L.	03/02/2001	05/03/2025	81	D
Petersen, Linda L.	04/02/1994	05/09/2025	81	ST
Peterson, Randal L.	11/07/2015	10/26/2025	69	ST
Schawb, Douglas K.	01/09/2007	10/15/2025	72	B
Sciuchetti, Gary D.	08/04/2007	09/21/2025	83	E
Snell, Margaret A.	01/15/1994	03/12/2025	87	ST
Spring, Margaret E.	10/11/2003	11/27/2024	76	B
Sprott, Sharon G.	03/25/2006	12/07/2025	72	ST
Sproul, Joe E.	09/02/1994	11/16/2025	94	C-15
Wagner, Vera M.	04/04/2024	03/08/2025	87	E
Wahl, Doreen L.	01/11/2003	04/29/2025	86	ST
Westby, Vernadeane E.	07/09/1994	07/13/2025	95	ST
White, Elizabeth M.	06/02/2017	06/03/2025	90	ST
Windler, Alva J.	01/08/2000	04/26/2025	89	E
Winner, Barbara J.	09/18/2022	10/16/2025	82	E

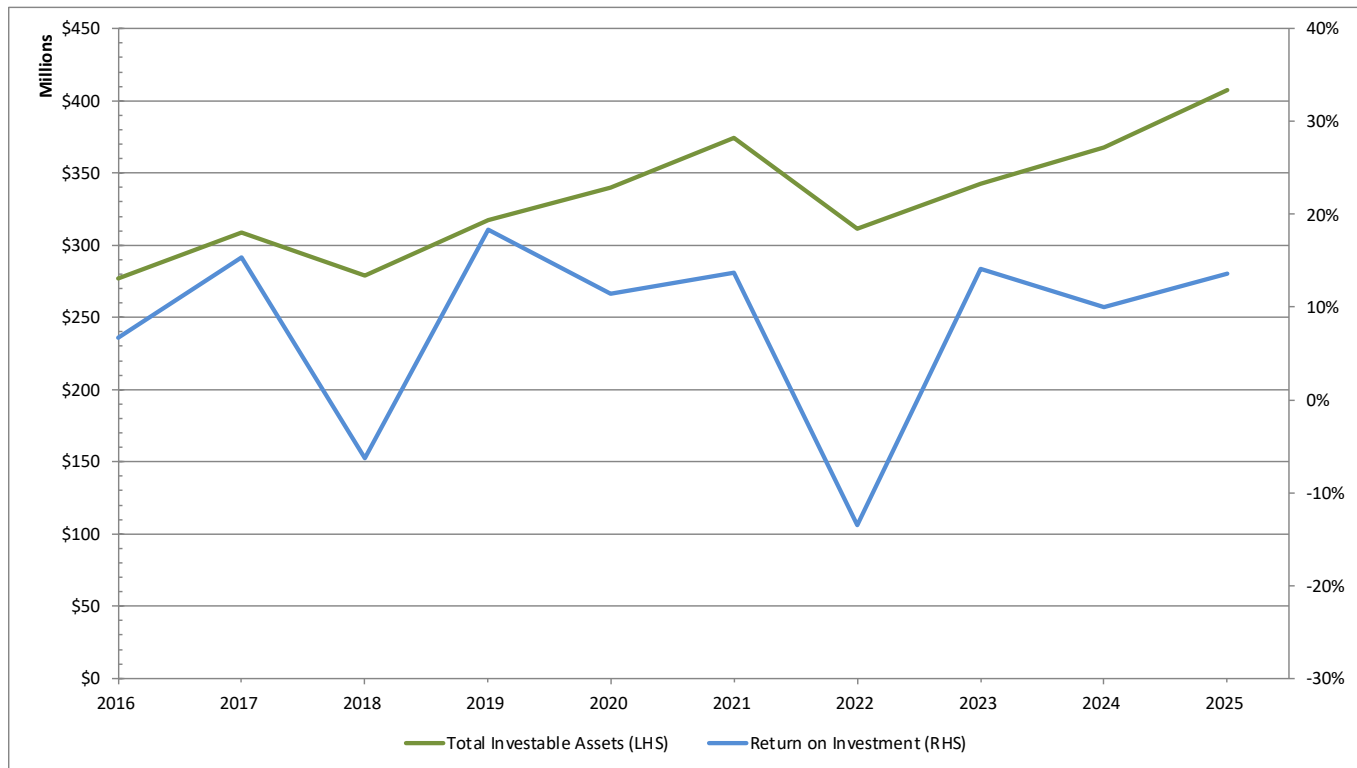
Active Member Deaths During 2025

Name	Department	Date of Death	Age	Years of Service
Parker, Sandra	Worker's Compensation	2/12/25	59	4.9

Investment Section

Total Retirement Assets

A 10 year look



Schedule of Investment Results

	Market Value of Investments	Net Investment Income	Investment Rate of Return (net of fees)
2016	276,992,752	16,802,274	6.71%
2017	308,520,137	43,084,584	15.40%
2018	278,768,297	(18,715,945)	-6.27%
2019	317,470,461	50,166,728	18.35%
2020	339,886,455	33,795,088	11.47%
2021	374,540,809	46,166,835	13.67%
2022	311,156,246	(50,241,335)	-13.50%
2023	342,331,066	42,225,848	14.10%
2024	367,464,874	32,597,269	10.00%
2025	407,426,795	49,203,504	13.60%

Investments Listed by Type

As of December 31, 2025

Capital Preservation:

Cash Held by Treasurer	\$307,922
Fidelity Institutional Government Money Market	7,666,898
Segal Bryant Core	40,422,622
Loomis Sayles Core Plus	47,244,730
Hotchkis & Wiley High Yield	8,588,437
BlackRock High Yield CIT	7,400,609

Domestic Equities:

SSGA S&P 500 Strategy Index	50,846,477
SSGA Russell 1000 Growth	19,158,315
Boston Partners LC Value	5,955,425
Columbia Dividend Income	5,873,120
SSGA Russell 2500 Index	21,645,308
Allspring Special SCV	6,682,641
Earnest Partners S/M Core	6,158,717

International Equities:

Artisan International Value	20,409,348
EuroPacific Growth	20,317,573
Victory Trivalent Small Cap	14,000,284
SSGA MSCI EAFE Index	14,099,113

Emerging Markets:

SSGA MSCI EM International	15,326,938
GQG Partners	5,030,933

Real Estate:

Morrison Street Fund VI	5,729,384
Morrison Street Fund VII	5,468,004
Morrison Street Income Fund	1,019,387
Morgan Stanley PRIME Fund	5,309,174
Principal (REITs)	8,600,437

Absolute Return:

Millennium International	1,646,376
Millstreet Credit	6,496,508
Sona Credit	7,335,904
Coatue Long/Short	5,560,768
Garda	5,151,890

Private Credit:

Royalty Opportunities I	2,379
Royalty Opportunities II	19,546
Atalaya	2,456,556
Apollos Debt Solutions	3,915,386

Private Equity:

Levine Leichtman	213,813
Blackstone	2,123,732
Carlyle	2,060,974

Equity Hedge:

Weatherlow Offshore	1,333,308
WMQS Global Equity	6,154,062
Southern Ridges	4,978,918

Equity Return:

Beach Point	4,805,853
Contrarian Capital Fund I	102,015

Master Limited Partnerships:

Tortoise Energy Infrastructure	9,334,081
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Total Cash and Investments

\$406,645,943

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