JUDGE'S CHAMBERS
Thirty-Third Judicial District
Armstrong County Courthouse
Kittanning, Pennsylvania 16201

Date: September 3, 2026

Dear Member of the News Media;

Attached is a copy of an Opinion and Order that I filed with Allegheny County Court Administration this afternoon (Thursday).

It concerns the lawsuit styled as Commonwealth of Pennsylvania acting by and through Allegheny County District Attorney Stephen A. Zappala, Jr. and Rebecca D. Spangler v. The Retirement Board of Allegheny County and Allegheny County. This Opinion and Order address two of the main issues presented to the Court by virtue of the pleadings filed by the parties. The Order does not provide for an immediate judicial remedy. This limitation on the scope of the Opinion was agreed to early on in the judicial process. The two issues addressed by the Court are stated on page 5 of the Opinion. In agreeing to the limitation of issues, the parties were hopeful that they could agree to an agreed-upon remedy once the Court rendered its decisions.

Notably, I decided to not entertain any requests to enforce the Order (Adjudications and Decree) for a period of approximately twelve months. The reason is set forth in the Opinion.

I would appreciate your making known to the public that the entire Opinion, Adjudication and Decree can be found at accourts.com, the Armstrong County Court website. At the site's main page, viewers should click on "Allegheny County Retirement System Lawsuit." I believe there are many taxpayers and employees who will want to read it. Please do this as a courtesy to the Court, and with the thanks of the Court.

Gratefully,

K. G. Valasek

Kenneth G. Valasek
Senior Judge
Specially Presiding

IN THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA

COMMONWEALTH OF PENNSYLVANIA acting by and through Allegheny County District Attorney Stephen A. Zappala, Jr., and REBECCA D. SPANGLER,	)	**CIVIL DIVISION**
Plaintiffs,	)	GD 24-014536
v.	)	
THE RETIREMENT BOARD OF ALLEGHENY COUNTY and ALLEGHENY COUNTY,	)	
Defendants.	)	

OPINION

VALASEK, S.J., *Specially Presiding*

This lawsuit is in the nature of a mandamus action.[1] The Plaintiffs are the Commonwealth of Pennsylvania acting by and through Allegheny County District Attorney Stephen A. Zappala, Jr.[2] and Rebecca D. Spangler.[3] The Defendants are the Retirement Board of Allegheny County ("Board" or "Retirement Board") and the County of Allegheny ("County").

The Court heard oral arguments on motions filed by both parties for partial summary judgment on June 30, 2026. A motion for summary judgment is a formal request asking a court to decide a case or specific issues within a case, without conducting a trial, and the Court will consider such a motion only if there are no genuine issue of material facts.[4] The motions each seek the Court's interpretations of Article XVII of the Second Class County Code,[5] which deals

[1] In commencing a mandamus action, a plaintiff seeks a court order directing a public official to perform a mandatory duty or purely ministerial act.
[2] As to Zappala's standing, see Pa.R.C.P. No. 1092(b).
[3] Spangler is a long-time County employee whose retirement rights have already vested.
[4] A material fact is one that could actually alter the final outcome of the lawsuit. See Pa.R.C.P. 1035.1-1035.5.
[5] 16 P.S. §§ 4701-4716.

with the Allegheny County Employes' Retirement Fund, particularly Section 1709 thereof.[6] There are no genuine issues of material fact in this case which would prevent the Court from ruling on the two motions.

I. FACTUAL BACKGROUND

In 1953, the then existing County retirement fund was substantially changed by Act 230 of 1953, July 28, P.L. 723, which brought into being the modern Second Class County Code.[7] Allegheny County is a second class county. Article XVII was part of this much broader statute, and has been amended and supplemented over the years.

Article XVII mandated that the County establish a defined benefit retirement plan.[8] Under the mandated plan, County employees must pay a certain uniform percentage of their monthly wages into the retirement fund. The County is obligated to match the total employee contribution with its own monthly payment into the fund. This matching contribution scheme is still in effect.[9]

Further, Section 1703 of Article XVII created a retirement board. The section explicitly states "the retirement system shall be under the sole discretion of [the Board]."[10] This same section directs who shall be members of the Board: the County chief executive; one member

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[6] Id. § 4709.
[7] Id. §§ 3101-6302.
[8] While Article XVII does not directly state the plan is a "defined benefit retirement plan," it describes the mechanism of one, where county employees pay a certain percentage from their previous month's compensation, and once vested and upon retirement, receive a benefit based on a pre-determined formula. See id. § 4708.

Neither Article XVII, nor the Second Class County Code define or distinguish a "defined benefit plan" from a "defined contribution plan." Essentially, a "defined benefit plan" is where an employee's contributions are determined in advance by a formula by the benefits expected, and that funds are aggregated as a whole for all employees, managed by the employer. A "defined contribution plan" is dependent on the employee's individual contributions and are segregated into an account that is owned and managed by the employee. See also e.g., 22A Summ. Pa. Jur. 2d Municipal and Local Law § 11:63 (2d ed. 2026).
[9] The word "scheme" has several meanings. In this Opinion it always means a method worked out in advance for achieving an objective. The Court rejects, for purposes of this Opinion, any interpretation suggesting deviousness.
[10] 16 P.S. § 4703.

appointed by the chief executive with the consent of County Council; the County controller; the County treasurer; and two members elected by ballot from among the members of the retirement system. Three of the six members are elected County officials. The Board has the "power and authority to pay all necessary expenses in the administration of the retirement system, employ one solicitor and necessary assistants, who shall receive such compensation as the board shall fix, which shall be paid from the retirement fund on warrants of the board."[11]

The Board acts as trustee of the retirement fund and has exclusive control and management of the fund, with full authority to invest its moneys. The Board members are fiduciaries in the exercise of their authority.

The Retirement Board must increase the amount of the employees' retirement benefits each year, but only if certain strict actuarial requirements are satisfied.[12] The Board is required to cause an annual actuarial valuation to be performed in order "to aid and assist the board in maintaining the actuarial soundness of the fund."[13]

Lastly, the Retirement Board has the authority to increase the rate of employee contributions into the retirement fund. The Board, in this regard, is to be guided by the annual performance valuation it is required to have prepared.[14] Of course, any increase in the employee rate would require the County to pay more into the retirement fund as well, because of the County's matching contribution duty.

The County's current retirement fund has an approximate balance of $1 billion, intended to meet its current and future obligations to pay all retirees what they are due. However,

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[11] Id. § 4704.
[12] Id. § 4708(e)(1), (2).
[13] Id. § 4708(d).
[14] Id. § 4709(d).

according to recent actuarial studies, the amount necessary to satisfy the same current and future obligations is $2.4 billion.

As stated above, the current "underfunded status" of the County retirement fund began in 2004; it has grown since then. The rates of employee contributions have increased since then, according to the recent "Retirement Board of Allegheny County Working Group on Plan Funding and Modernizing" report ("Report") issued in July, 2026.[15] The rates have been the following:[16]

Dates	Percentage
2004-2011	6.0%
2012	7.0%
2013-2014	8.0%
2015-First Half	9.1%
2015-Second Half	9.0%
2016-2017	9.0%
2018	9.5%
2019-2020	10.0%
2021-2023	10.5%
2024-2025	11.2%

The effect of all the above is that many County employees who worked anytime from 2004 to the present, as well as the County (i.e., its taxpayers), have not contributed enough money to the retirement fund.[17] The amount not contributed over the years is substantial and it has resulted in the current $1.4 billion shortfall.

II. POSITION OF THE PARTIES

Plaintiffs Zappala and Spangler (collectively, "Zappala") assert that Article XVII, when viewed as a whole, and when taking into account the numerous rulings by the Commonwealth's appellate courts that have strongly advocated actuarially sound public retirement funds, requires

[15] The parties have agreed that the Court may take judicial notice of the report.
[16] Report at 18.
[17] In so stating, the Court is fully aware that the Retirement Board had the authority to impose even higher rates of contribution, but chose not to do so. Any increase in the employee rate would necessarily obligate the County to contribute more as well.

Allegheny County's retirement fund to be actuarially sound. Further, Zappala asserts that Section 1709 of the Second Class County Code unambiguously requires the County to make annual payments into the retirement fund, over and above its matching contribution payments, in order to keep the fund actuarially sound.[18]

Defendants Board and County reject both positions taken by Zappala. They argue that they have fully complied with all provisions of Article XVII that impose financial duties on them (i.e., the duty to make matching contributions); that they have never failed to pay a retiree his or her full retirement benefits; and that while they recognize a serious problem exists, the law does not deprive them of the authority to solve the crisis when and how the Board and the County best determine. They reject the notion that Section 1709 imposes any current financial obligations upon the County, in addition to its making the matching contributions.

III. THE ISSUES

Does Article XVII of the Second Class County Code require the County to maintain the fund in an actuarially sound condition?

Does Section 1709 of the Second Class County Code currently place a duty upon the County to make payments into the retirement fund over and above its matching contributions?

IV. ANALYSIS

A. Actuarial Soundness Requirement

The Court will first address the issue of whether Article XVII requires that the Allegheny County Retirement Fund be actuarially sound.

[18] 16 P.S. § 4709.

In his brief in support of his motion for partial summary judgment, Zappala recites a brief history of how state employment retirement systems across the nation were mandated over time to maintain actuarial soundness.[19]

Plaintiff also cites the decisions of Pennsylvania appellate courts. He cites Retirement Board of Allegheny County v. McGovern, 174 A. 400 (Pa. 1934); Harvey v. Retirement Board of Allegheny County, 141 A.2d 197 (Pa. 1958); and Dombrowski v. City of Philadelphia, 245 A.2d 238 (Pa. 1968), among others. None of the cited cases address the exact same issues presented in the instant case. However, they are cited to demonstrate how the state's Supreme Court has consistently emphasized the importance of actuarial soundness in its decisions involving public employee retirement plans.

By way of example, the McGovern Court stated:

> But underlying all retirement systems of the class we are now discussing is ***the legislative object, as well as that of the member employee, that a substantial reserve be built up so that the actuarial soundness of the plan cannot be questioned***. This factor is an important one in the relation between state, city, and county, as employer, and the employee member, with respect to retirement pay.[20]

The Harvey Court wrote thus, quoting McGovern with approval:

> A moment's reflection will indicate that all members of a retirement system—whether actually receiving pension payments, eligible to receive payments, or in the process of completing the requirements necessary to receive them—benefit from the maintenance of an actuarially sound retirement fund. ***By maintaining the fund solvent, all gain; if the fund is neglected and becomes bankrupt, all suffer.***[21]

The Dombrowski Court's decision in 1967 clearly stands for the proposition that a court may order a county to pay a "skipped" payment into its retirement fund. Although the facts of

[19] The proffered record supports the accuracy of the recited history.
[20] McGovern, 174 A. at 407 (emphasis added).
[21] Harvey, 141 A.2d at 200 (emphasis added).

Dombrowski differ substantially from the case at bar, Note 17 of the opinion provides a clear statement of why actuarial soundness serves sound public policy:

> Actuarial soundness also serves an additional function. It insures that the tax burden generated by the city's contributions to the fund will be distributed in such a manner that 1967 taxpayers are taxed for the benefits earned by 1967 employees. Where the system is operated on a cash disbursements basis, . . . 1967 taxpayers would be taxed to pay for benefits earned by employees in past years; furthermore, positing the typical increase each year in municipal employees and benefits, the burden placed on future taxpayers to meet benefits currently being earned (as well as those previously earned) would be even greater.[22]

The logic of the footnote is perfectly sound.

Zappala also recites certain sentences of Section 1708 in support of his argument that that the County is under a legal duty to keep the retirement fund actuarially sound.

Section 1708(a) sets forth a schedule of graduated employee contribution rates that were to be imposed for the year 1988 and thereafter, if not changed by the Board.[23] The schedule provided a certain rate for the first X dollars of monthly compensation, a higher rate for the next Y dollars of monthly compensation, and an even higher rate for monthly compensation in excess of Z dollars.

The very next sentence in the Paragraph (a) reads in part, as follows:

> . . . the aforesaid increase (sic) rate of monthly contributions to be paid into the retirement fund ***to enhance the actuarial soundness of said fund***, shall be applicable to all . . . members of the retirement system.[24]

Section 1708 then continues on:

> ***To aid and assist the board in maintaining the actuarial soundness of the retirement fund***, the board shall cause to be performed an annual actuarial valuation of the retirement system.[25]

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[22] Dombrowski, 245 A.2d at 246, n.17.
[23] 16 P.S. § 4708(a).
[24] Id. (emphasis added).
[25] Id. § 4708(d) (emphasis added).

The Court has read and reread the County's brief in support of its motion for partial summary judgment. Based upon these several readings, the Court concludes that, if indeed the County opposes an adjudication that it is under a legal duty to maintain the retirement fund in an actuarially sound condition, then the sole reason it advances why it should prevail is because Article XVII does not contain the sentence "The Allegheny County retirement system shall be actuarially sound at all times." Indeed, this explicit language is not to be found in Article XVII.

However, the lack of exactness and any resulting ambiguity in Article XVII concerning the County's duty to maintain an actuarially sound fund does not deprive the Court of its duty and ability to interpret the statute.

Chapter 19 of the statute found at 1 Pa.C.S. § 101 through § 3103, is customarily referred to as the Statutory Construction Act. This chapter is intended to guide the various courts in the Commonwealth in interpreting ambiguous statutory provisions. The first section of Chapter 19 is entitled "Rules of Interpretation," and it reads as follows:

> In the construction of the statutes of this Commonwealth, the rules set forth in this chapter should be observed, ***unless the application of such rules would result in a construction inconsistent with the manifest intent of the General Assembly.***[26]

This section clearly indicates that the intent of the state legislature in passing a law is important.

This conclusion is buttressed by Section 1921(a) of the Statutory Construction Act, which reads, in part, as follows:

> The object of all interpretation and construction of statutes ***is to ascertain and effectuate the intention of the General Assembly.***[27]

So what must the Court consider in determining legislative intent? Section 1921(c) sets forth factors to be considered in determining legislative intent. There are eight different factors

[26] 1 Pa.C.S. § 1901 (emphasis added).
[27] Id. § 1921(a) (emphasis added).

explicitly stated, but the other considerations are not to be excluded if relevant. The eight considerations include the following:

> (3) The mischief to be remedied.
> (4) The object to be attained.
> * * *
> (6) The consequences of a particular interpretation.

The Court will discuss these factors together and not individually.

In 1915, the County was first required by state law to provide a retirement fund for its employees.[28]

It is not difficult to ascertain the purposes of the legislature in enacting the statute. In 1915, the federal Social Security Act had not yet come into being. The vast majority of public employees had no guaranteed post-retirement income at the time. Retirement payments would provide such income, providing some security for retirees.

This, in turn, encouraged people of all kinds to seek County employment and to remain in its employ for many years. Guaranteed retirement benefits, in other words, tended to reduce employee turnover. The County could better retain experienced workers. Survivors' benefits amplified these effects.

The system, as it evolved, recognized that certain older employees might need to retire at an earlier age than most because their jobs were physically demanding, such as fire fighters and police officers.

All the foregoing was also intended to reduce or eliminate the dependence of retired County employees and their families on public welfare payments: the employees, by virtue of their own contributions, would be paying, in part, for their own retirement fund payments once retired.

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[28] Report at 5.

In view of the several important results intended by the legislature in its enactments of statutes regarding the County's retirement system, and also taking into account the pronouncements of the Pennsylvania Supreme Court referred to earlier in this Opinion, it is clear that Article XVII must be interpreted as to require the County to maintain its employee retirement fund in an actuarially sound condition.

The consequences of the interpretation of Article XVII as advanced by the County jeopardize the attainment of the goals intended by the General Assembly.

The parties have not raised this point, but the County's financial condition, although the chances are extremely remote, could conceivably lead to its filing a petition for bankruptcy in a federal bankruptcy court. Federal law permits a local government (including a county) to declare bankruptcy under Chapter 9 of the United States Bankruptcy Code.[29]

Query: Can a bankruptcy proceeding involving a Pennsylvania municipality result in a reduction of the municipality's retirement payment obligations? The answer is unclear.[30]

Common sense suggests the unlikelihood of a discharge of any portion of a municipality's retirement obligations if, at the time the bankruptcy petition is filed, the retirement fund is actuarially sound.

B. The County's Obligations Under Article XVII, Section 1709

The Court will next analyze arguments of both parties pertaining to the proper interpretation of Section 1709 of the Second Class County Code. That section reads, in part:

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[29] 11 U.S.C. § 101, et seq.

[30] See Marc Joffe, Chester, PA Bankruptcy Raises Disclosure, Pension, and OPEB Issues, Cato Inst. Blog (Nov. 17, 2022, 12:07 PM), https://www.cato.org/blog/chester-pa-bankruptcy-filing-raises-disclosure-pension-opeb-issuescato. See also Emily Previti, Capitol recap: how would pensioners be treated in a municipal bankruptcy?, WHYY (Apr. 9, 2015), https://whyy.org/articles/capitol-recap-how-would-pensioners-be-treated-in-a-municipal-bankruptcy/.

> It shall be the duty of the county commissioners to appropriate ***annually sufficient*** funds, necessary to ***guarantee*** payment of all administrative costs, benefit commitments and legal obligations of the ***Employes' Retirement Board***.[31]

Zappala argues that this sentence is unambiguous and that it requires the County to annually pay into its retirement fund whatever sum of money is necessary to put the fund into an actuarially sound condition. Such payments would be in addition to the matching contributions, which both parties acknowledge are explicitly mandated by Article XVII. The General Assembly added the above-quoted language to Section 1709 in 1973.

Zappala has conceded that the County cannot make up the $1.4 billion shortfall in a single year (a $1.4 billion tax increase for a single year could cause a problem or two!). He has indicated, however, that it would be appropriate to stretch out the payments over a reasonable period of time.

The Board and the County each argue in opposition to Zappala's stated interpretation, countering that the Second Class County Code provides only one funding mechanism for Allegheny County's retirement system, and that is the matching contribution scheme already discussed. They argue that the Court has no authority to impose an additional funding scheme: only the General Assembly can do so.

In interpreting this portion of the statute, the Court must analyze the various arguments taking into account the history of Section 1709 and the words and phrases therein.

First, the Court addresses the phrase "the Employes' Retirement Board," as used in Section 1709. Reading it, the Court notes the Board itself is not responsible for the payment of moneys into the retirement fund—only the County and its employees are.[32] Therefore, the phrase

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[31] 16 P.S. § 4709 (emphasis added). After the incorporation of this paragraph into section 1709 in 1973, Allegheny County became a "home rule" County, governed by an elected chief executive and an elected Council. The language of the statute referring to "county commissioners" has not been updated.

[32] The Board's employees are County employees, and their paychecks are issued by the County treasurer.

"legal obligations of the Employe' Retirement Board" makes no sense. The phrase "benefit commitments of the Employes' Retirement Board" makes no sense, as well: the Board does not, under Article XVII, have any duty to contribute money to the retirement fund—the Board only manages it and determines the employees' rates of contribution.

These problems can only be resolved by substituting the phrase "the county employees' retirement system," which phrase is found in Section 1702 of the Article XVII, and reads as follows:

> The county shall provide ***a county employes' retirement system*** for county employes and shall establish and regulate a retirement fund in connection therewith.[33]

The legislative intent of Section 1709 is more discernable by this substitution of phrases.

Nevertheless, the task of statutory interpretation does not end there. The Court must also address the meaning of "guarantee." Black's Law Dictionary offers several definitions. The most germane to the case at bar reads: "to assume a suretyship obligation [to agree to answer for a debt or ***default***]."[34]

Next the Court will discuss the word "annually," which means "occurring, appearing, made, done, or acted upon every year or once a year."[35] The Court notes that the County's fiscal year is the calendar year, which means that in 2026, the County will adopt its budget for 2027.

Lastly, the Court will examine the meaning of the word "sufficient." The word is defined as: "marked by quantity . . . to meet with the demands, wants, or needs of a situation. . . ."[36]

Substituting the definitions into the body of the pertinent paragraph of Section 1709, the paragraph will thus mean:

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[33] Id. § 4702 (emphasis added).
[34] Guarantee, Black's Law Dictionary (8th ed. 2004) (emphasis added).
[35] Annually, Webster's Third New International Dictionary (1993 ed.).
[36] Sufficient, Webster's Third New International Dictionary (1993 ed.).

> It shall be the duty of the appropriate County officials every year to include in the County's budget for the subsequent year, an appropriation sufficient to satisfy the administrative costs, benefit commitments, and legal obligations of the County Employes' Retirement System, if there exists a substantial risk of, and only to the extent of, a default in the System's duty to pay or satisfy the same, in whole or in part, during the subsequent year. The County officials shall be guided by the most timely opinion of the actuaries hired by the Retirement Board. If such a default actually occurs, the County shall be liable to pay all such unpaid or unsatisfied administrative costs, benefit commitments, and legal obligations, even if the budgeted amount was insufficient. If there is an insignificant chance of default, the County has no duty under make an appropriation in the current year, but it is still liable for all defaults in the subsequent year that may occur.

The interesting question is why did the General Assembly insert this highly ambiguous language into Section 1709 in 1973?[37] What was its intention if the Court rejects Plaintiff Zappala's interpretation that the added language added a second funding mechanism not conditioned upon an anticipated or actual default in retirement payments in a single fiscal year. Why did the state legislative bodies add the language to Section 1709 in 1973 if the retirement fund first became underfunded in 2004 and no actual default in retirement payments has ever occurred?

To formulate an answer with absolute certainty is difficult, if not impossible; more than fifty-three years have passed. Nonetheless, the Court can offer a reasonable answer to the question of the legislature's intent.

Someone having an interest in the County's retirement fund first noticed that nowhere in Article XVII did it clearly and unambiguously state that the County and the Board had a duty to keep the fund in an actuarially sound condition at all times. The new language inserted into Section 1709 was intended to put the County and the Board on notice that the County would have to pay for all defaults in retirement benefit payments, without any additional employee contributions to cover the same. The new language was intended to incentivize.

[37] Further ambiguity to resolve the prior ambiguity.

This legislative intent is wholly in accord with this Opinion and the Adjudication and Decree which accompany it.

IV. CONCLUSION

The Court has now stated its reasons for the actual adjudications and decree that it will enter concerning the two major issues presented by the parties.

The Court has now stated why the Allegheny County Employees' Retirement Fund must be maintained in an actuarially sound condition under Article XVII of the Second Class County Code.

The Court has simultaneously ruled that there is currently only one scheme available to fund the retirement system, to wit, the matching contribution scheme. The Court has rejected Plaintiff Zappala's argument that Section 1709 of Article XVII of the Second Class County Code currently imposes any additional financial duties on the County over and above matching the employees' contributions, except in case of a reasonably anticipated default by the retirement system in the County's upcoming fiscal year, and an actual default in the same year.

There is absolutely no doubt that it will require a substantial number of years to bring the retirement fund back to actuarial soundness, with perhaps the exception of a bond issue by the County raising the necessary amount of money all at once. It will likely be necessary for the General Assembly and the governor to intervene and give the County additional mechanisms to fund its employees' retirements. The Court, therefore, will not entertain further proceedings to enforce Article XVII duties for a period of twelve months, which should be sufficient time for a financial resolution of the retirement fund crisis by the County and state officials.

It must also be noted that Article XVII gives the Retirement Board the power and authority to raise the percentage of wages the employees must contribute and which the County must match. The history of the contribution of the employees shows that there is a real, although understandable, reluctance to raise the rates. Within the body of this Opinion, the Court has stated that the Retirement Board members are fiduciaries. They must act in accordance with the "best interests of the retirement system." As fiduciaries, they must only be concerned with the health of the retirement system.[38] Appropriate adjudication and a decree will be entered.

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[38] "A board member shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner he reasonably believes to be ***in the best interests of the retirement system*** and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances." 16 P.S. § 4706(b) (emphasis added).

IN THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA

COMMONWEALTH OF PENNSYLVANIA acting by and through Allegheny County District Attorney Stephen A. Zappala, Jr., and REBECCA D. SPANGLER, Plaintiffs, v. THE RETIREMENT BOARD OF ALLEGHENY COUNTY and ALLEGHENY COUNTY, Defendants.	)	**CIVIL DIVISION** GD 24-014536

ADJUDICATION and DECREE

AND NOW, this 3rd day of September, 2026, for reasons set forth in the foregoing Opinion, it is **HEREBY ADJUDGED** as follows:

1. The Retirement Board of Allegheny County and Allegheny County are both under a statutory duty to fund its Employe's Retirement System so that it always is in an actuarially sound condition, by each party performing its respective duties.

2. The portion of Section 1709 of the Second Class County Code which reads "It shall be the duty of the county commissioners to appropriate annually sufficient funds, necessary to guarantee payment of all administrative costs, benefit commitments and legal obligations of the Employes' Retirement Board" shall be interpreted to mean the following:

> It shall be the duty of the appropriate County officials every year to include in the County's budget for the subsequent year, an appropriation sufficient to satisfy the administrative costs, benefit commitments, and legal obligations of the County Employes' Retirement System, if there exists a substantial risk of, and only to the extent of, a default in the System's duty to pay or satisfy the same, in whole or in part, during the subsequent year. The County officials shall be guided by the most timely opinion of the actuaries hired by the Retirement Board. If such a default actually occurs, the County

shall be liable to pay all such unpaid or unsatisfied administrative costs, benefit commitments, and legal obligations, even if the budgeted amount was insufficient. If there is an insignificant chance of default, the County has no duty to make an appropriation in the current year, but it is still liable for all defaults in the subsequent year that may occur.

FURTHER, it is **HEREBY DECREED** that the Court will not take any action to mandate compliance with this Opinion and Decree any earlier than September 1, 2027. The purpose of this provision is to permit the parties and state officials to resolve the issue of how to fund the retirement system in the future, so that it can be brought into a state of actuarial soundness, without massive increases to the contribution rates of the County's employees. The Court reminds the parties that if no resolution of this retirement fund crisis is reached, equitable principles will apply in the enforcement of this Adjudication and Decree.

BY THE COURT:

Kenneth G. Valasek S.J.

Kenneth G. Valasek
Specially Presiding