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September 12 2018

Via Electronic Mail

Zachary J. Rowley, CPA
Financial Statement Examiner III
Merritt Research Services, LLC
1212 Dina Ct
Hiawatha, Iowa 52233-4706

RE: Log 19-019 Response to FOIA Request

Thank you for writing to Hinsdale Township High School District No. 86 with your request for information pursuant to the Illinois Freedom of Information Act ("FOIA"), 5 ILCS 140/1 et seq., received on September 10, 2018.

You requested the following:

I have a copy of the 2016 Audited Financial Statements and had a quick question regarding the discount rate used for IMRF for the 12/31/2015 measurement date. It shows that the discount rate used was 7.49%, a blended rate comprised of the long-term expected rate of return and the municipal bond rate. Would you be able to provide me the date that the municipal bond rate was first used? This information is often available in the GASB 68 reports available from IMRF. Would you be able to provide me a copy of the 12/31/2015 GASB 68 report?

Documents responsive to your request are enclosed.

As the District's FOIA Officer, I am responsible for the District's response to your FOIA request. This letter and enclosures are intended to be fully responsive to your specific request. If I have misunderstood your request in any way, please clarify the request in writing to me.

Sincerely,

FOIA Officer
Hinsdale Township High School District 86
630.655.6100
FOIA-Officer@hinsdale86.org
[FOIA Log](#)



From: [Stephenson,Josh](#)
To: [FOIA Officer](#)
Cc: Zachary.Rowley@merrittresearch.com
Subject: FW: Question on Audited Financial Statements
Date: Monday, September 10, 2018 10:27:39 AM

From: Zachary J. Rowley <Zachary.Rowley@merrittresearch.com>
Sent: Friday, September 7, 2018 2:00 PM
To: Stephenson,Josh <jstephen@hinsdale86.org>
Subject: Question on Audited Financial Statements

Dear Mr. Stephenson,

I have a copy of the 2016 Audited Financial Statements and had a quick question regarding the discount rate used for IMRF for the 12/31/2015 measurement date. It shows that the discount rate used was 7.49%, a blended rate comprised of the long-term expected rate of return and the municipal bond rate. Would you be able to provide me the date that the municipal bond rate was first used? This information is often available in the GASB 68 reports available from IMRF. Would you be able to provide me a copy of the 12/31/2015 GASB 68 report?

If you have any questions please feel free to contact me. Thank you in advance for your time and consideration.

Sincerely,

Zachary J. Rowley, CPA
Financial Statement Examiner III

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Thank You.

HINSDALE SD 86 REGULAR

GASB STATEMENT NO. 68 EMPLOYER REPORTING
ACCOUNTING SCHEDULES
DECEMBER 31, 2015

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April 15, 2016

Hinsdale SD 86
Illinois Municipal Retirement System

Ladies and Gentlemen:

The accounting schedules submitted in this report are required under the Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions."

Our calculations for this report were prepared for the purpose of complying with the requirements of GASB Statement No. 68. These calculations have been made on a basis that is consistent with our understanding of these accounting standards. These results are subject to review by the system's auditor and may be revised.


Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 68. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement Nos. 67 and 68 may produce significantly different results. This report may be provided to parties other than the Hinsdale SD 86 only in its entirety and only with the permission of Hinsdale SD 86.

This report is based upon information, furnished to us by IMRF, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. If your understanding of this information is different than ours, please let us know and do not use or distribute this report until those differences have been resolved to your satisfaction. This information was checked for internal consistency, but it was not otherwise audited.


Please see the actuarial valuation report for the Illinois Municipal Retirement Fund as of December 31, 2015 for additional discussions of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

To the best of our knowledge, the information contained in this report is accurate, and fairly represents the GASB 68 information relates to Hinsdale SD 86. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Mark Buis and Francois Pieterse are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinions herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

By 

Mark Buis
FSA, EA, MAAA

By 

Francois Pieterse
ASA, MAAA

SECTION A

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

AS OF DECEMBER 31, 2015

Actuarial Valuation Date	December 31, 2015
Measurement Date of the Net Pension Liability	December 31, 2015
Fiscal Year End	June 30, 2016

Membership

Number of	
- Retirees and Beneficiaries	225
- Inactive, Non-Retired Members	242
- Active Members	215
- Total	682
Covered Valuation Payroll	\$ 8,170,206

Net Pension Liability

Total Pension Liability/(Asset)	\$ 40,286,164
Plan Fiduciary Net Position	38,359,852
Net Pension Liability/(Asset)	\$ 1,926,312
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.22%
Net Pension Liability as a Percentage of Covered Valuation Payroll	23.58%

Development of the Single Discount Rate as of December 31, 2015

Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate*	3.57%
Last year ending December 31 in the 2016 to 2115 projection period for which projected benefit payments are fully funded	2089
Resulting Single Discount Rate based on the above development	7.49%
Single Discount Rate calculated using December 31, 2014 Measurement Date	7.49%

Total Pension Expense/(Income) \$ 1,828,981

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 254,401	\$ 272,398
Changes in assumptions	461,446	0
Net difference between projected and actual earnings on pension plan investments	2,348,427	0
Total	\$ 3,064,274	\$ 272,398

*Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2015. The statistical release describes this rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality." In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

DISCUSSION

Accounting Standard

For state and local government employers (as well as certain non-employers) that contribute to a Defined Benefit (DB) pension plan administered through a trust or equivalent arrangement, Governmental Accounting Standards Board (GASB) Statement No. 68 establishes standards for pension accounting and financial reporting. Under GASB Statement No. 68, the employer must account for and disclose the net pension liability, pension expense, and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements.

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

Financial Statements

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

Paragraph 57 of GASB Statement No. 68 says, "Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions." The information contained in this report does not incorporate any contributions made to IMRF subsequent to the measurement date of December 31, 2015.

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

Notes to Financial Statements

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

In addition, GASB Statement No. 68 requires the notes of the financial statements for the employers to include certain additional information, including (page numbers refer to page numbers from this report unless specified otherwise):

- a description of the types of benefits provided by the plan, as well as automatic or ad hoc COLAs (please see pages B-1 - B-5 of the December 31, 2015 Annual Actuarial Valuation report dated April 1, 2016);
- the number and classes of employees covered by the benefit terms (page 1);
- for the current year, sources of changes in the net pension liability (page 10);
- significant assumptions and methods used to calculate the total pension liability (page 15);
- inputs to the single discount rate (page 16);
- certain information about mortality assumptions and the dates of experience studies (page 13 and page 15);
- the date of the valuation used to determine the total pension liability (page 1);
- information about changes of assumptions or other inputs and benefit terms (pages 13 and 15);
- the basis for determining contributions to the plan, including a description of the plan's funding policy, as well as member and employer contribution requirements (please see page A-3, B-5 and Section D of the December 31, 2015 Annual Actuarial Valuation report dated April 1, 2016, as well as page 13);
- the total pension liability, fiduciary net position, net pension liability, and the pension plan's fiduciary net position as a percentage of the total pension liability (page 10);
- the net pension liability using a discount rate that is 1% higher and 1% lower than used to calculate the total pension liability and net pension liability for financial reporting purposes (page 10); and
- a description of the system that administers the pension plan (to be provided by IMRF).

Required Supplementary Information

The financial statements of employers also include required supplementary information showing the 10-year fiscal history of:

- sources of changes in the net pension liability (page 11);
- information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll (page 11); and
- comparison of actual employer contributions to the actuarially determined contributions based on the plan's funding policy (page 12).

These tables may be built prospectively as the information becomes available.

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. For the employer's financial reporting purposes, the net pension liability and pension expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total pension liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total pension liability shown in this report is based on an actuarial valuation performed as of December 31, 2015 and a measurement date of December 31, 2015.

Single Discount Rate

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.49%.

OTHER OBSERVATIONS

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

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.50% on the actuarial value of assets), it is expected that:

- (1) The employer normal cost as a percentage of pay will decrease to the level of Tier 2 normal cost as time passes as the majority of the active population will consist of Tier 2 members.
- (2) The unfunded liability will increase in dollar amount for several years before it begins to decrease.
- (3) The funded status of the plan will increase gradually towards a 100% funded ratio.

This funding policy results in a crossover date in 2089 and a discount rate of 7.49%. The projections in this report are strictly for the purposes of determining the GASB discount rate and are different from a funding projection for the ongoing plan.

Limitations of Assets as a Percent of Total Pension Liability Measurements

This report includes a measure of the plan fiduciary net position as a percent of total pension liability. Unless otherwise indicated, with regard to any such measurements presented in this report:

- (1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.
- (2) The measurement is inappropriate for assessing the need for or amount of future employer contributions.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded ratio measurement presented in this report is based upon the actuarial accrued liability and the market value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

- (1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, in other words of transferring the obligations to a unrelated third party in an arm's length market value type transaction.
- (2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. The amount of future contributions will most certainly differ from those assumed in this report due to future actual experience differing from assumed experience based upon actuarial assumptions. A funded ratio measurement in this report of 100% is not synonymous with no required future contributions. If the funded ratio were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).

Limitation of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

SECTION B

FINANCIAL STATEMENTS

PENSION EXPENSE/(INCOME) UNDER GASB STATEMENT NO. 68
CALENDAR YEAR ENDED DECEMBER 31, 2015

A. Expense/(Income)

1. Service Cost	\$	925,097
2. Interest on the Total Pension Liability		2,870,473
3. Current-Period Benefit Changes		0
4. Employee Contributions (made negative for addition here)		(373,764)
5. Projected Earnings on Plan Investments (made negative for addition here)		(2,764,122)
6. Other Changes in Plan Fiduciary Net Position		(218,144)
7. Recognition of Outflow (Inflow) of Resources due to Liabilities		778,657
8. Recognition of Outflow (Inflow) of Resources due to Assets		610,784
9. Total Pension Expense/(Income)	\$	1,828,981

**STATEMENT OF OUTFLOWS AND INFLOWS ARISING FROM CURRENT REPORTING
PERIOD
CALENDAR YEAR ENDED DECEMBER 31, 2015**

A. Outflows (Inflows) of Resources due to Liabilities

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$ (427,779)
2. Assumption Changes (gains) or losses	\$ 0
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	2.7531
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the Difference between expected and actual experience of the Total Pension Liability	\$ (155,381)
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$ 0
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	<u>\$ (155,381)</u>
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the Difference between expected and actual experience of the Total Pension Liability	\$ (272,398)
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$ 0
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	<u>\$ (272,398)</u>

B. Outflows (Inflows) of Resources due to Assets

1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	\$ 2,580,393
2. Recognition period for Assets {in years}	5.0000
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets	\$ 516,079
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$ 2,064,314

* Please note that employer contributions made after the measurement date have not been reported as deferred outflows of resources. These employer contributions must be separately accounted for by the employer.

**STATEMENT OF OUTFLOWS AND INFLOWS ARISING FROM CURRENT AND PRIOR
REPORTING PERIODS
CALENDAR YEAR ENDED DECEMBER 31, 2015**

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

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Net Outflows of Resources</u>
1. Due to Liabilities	\$ 934,038	\$ 155,381	\$ 778,657
2. Due to Assets	610,784	0	610,784
3. Total	\$ 1,544,822	\$ 155,381	\$ 1,389,441

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

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Net Outflows of Resources</u>
1. Differences between expected and actual experience	\$ 331,942	\$ 155,381	\$ 176,561
2. Assumption changes	602,096	0	602,096
3. Net difference between projected and actual earnings on pension plan investments	610,784	0	610,784
4. Total	\$ 1,544,822	\$ 155,381	\$ 1,389,441

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
1. Differences between expected and actual experience	\$ 254,401	\$ 272,398	\$ (17,997)
2. Assumption changes	461,446	0	461,446
3. Net difference between projected and actual earnings on pension plan investments	2,348,427	0	2,348,427
4. Total	\$ 3,064,274	\$ 272,398	\$ 2,791,876

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 1,171,250
2017	493,767
2018	610,782
2019	516,077
2020	0
Thereafter	0
Total	\$ 2,791,876

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD
CALENDAR YEAR ENDED DECEMBER 31, 2015**

A. Total pension liability	
1. Service Cost	\$ 925,097
2. Interest on the Total Pension Liability	2,870,473
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the Total Pension Liability	(427,779)
5. Changes of assumptions	0
6. Benefit payments, including refunds of employee contributions	(1,886,291)
7. Net change in total pension liability	\$ 1,481,500
8. Total pension liability – beginning	38,804,664
9. Total pension liability – ending	<u><u>\$ 40,286,164</u></u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 3,936,715
2. Contributions – employee	373,764
3. Net investment income	183,729
4. Benefit payments, including refunds of employee contributions	(1,886,291)
5. Other (Net Transfer)	218,144
6. Net change in plan fiduciary net position	\$ 2,826,061
7. Plan fiduciary net position – beginning	35,533,791
8. Plan fiduciary net position – ending	<u><u>\$ 38,359,852</u></u>
C. Net pension liability/(asset)	<u><u>\$ 1,926,312</u></u>
D. Plan fiduciary net position as a percentage of the total pension liability	95.22%
E. Covered Valuation payroll	\$ 8,170,206
F. Net pension liability as a percentage of covered valuation payroll	23.58%

SENSITIVITY OF NET PENSION LIABILITY/(ASSET) TO THE SINGLE DISCOUNT RATE ASSUMPTION

	1% Decrease <u>6.49%</u>	Current Single Discount Rate Assumption <u>7.49%</u>	1% Increase <u>8.49%</u>
Total Pension Liability	\$ 45,098,069	\$ 40,286,164	\$ 36,287,112
Plan Fiduciary Net Position	38,359,852	38,359,852	38,359,852
Net Pension Liability/(Asset)	\$ 6,738,217	\$ 1,926,312	\$ (2,072,740)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Calendar Years

(schedule to be built prospectively from 2014)

Calendar year ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service Cost	\$ 925,097	\$ 910,170								
Interest on the Total Pension Liability	2,870,473	2,554,976								
Benefit Changes	0	0								
Difference between Expected and Actual Experience	(427,779)	918,285								
Assumption Changes	0	1,665,638								
Benefit Payments and Refunds	(1,886,291)	(1,711,332)								
Net Change in Total Pension Liability	1,481,500	4,337,737								
Total Pension Liability - Beginning	38,804,664	34,466,927								
Total Pension Liability - Ending (a)	\$ 40,286,164	\$ 38,804,664								
Plan Fiduciary Net Position										
Employer Contributions	\$ 3,936,715	\$ 1,412,348								
Employee Contributions	373,764	364,314								
Pension Plan Net Investment Income	183,729	2,029,043								
Benefit Payments and Refunds	(1,886,291)	(1,711,332)								
Other	218,144	209,076								
Net Change in Plan Fiduciary Net Position	2,826,061	2,303,449								
Plan Fiduciary Net Position - Beginning	35,533,791	33,230,342								
Plan Fiduciary Net Position - Ending (b)	\$ 38,359,852	\$ 35,533,791								
Net Pension Liability/(Asset) - Ending (a) - (b)	1,926,312	3,270,873								
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.22%	91.57 %								
Covered Valuation Payroll	\$ 8,170,206	\$ 8,058,301								
Net Pension Liability as a Percentage of Covered Valuation Payroll	23.58%	40.59 %								

MULTIYEAR SCHEDULE OF CONTRIBUTIONS

Last 10 Calendar Years

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2014	\$ 910,588	\$ 1,412,348	\$ (501,760)	\$ 8,058,301	17.53%
2015	937,940 *	3,936,715	(2,998,775)	8,170,206	48.18%

* Estimated based on contribution rate of 11.48% and covered valuation payroll of \$8,170,206.

This number should be verified by the auditor.

NOTES TO SCHEDULE OF CONTRIBUTIONS

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE*

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price Inflation	3.0% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008 - 2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation

DEVELOPMENT OF MARKET VALUE OF ASSETS

Market Value of Assets as of December 31, 2015

1. Employee Contribution Reserve (MDF Assets from IMRF)	\$	6,537,766
2. Employer Contribution Reserve (EAF assets from IMRF)		11,567,648
3. Annuitant Reserve		20,248,164
4. Miscellaneous Adjustment*		6,274
5. Net Market Value	\$	38,359,852

* Includes an adjustment factor of .000163582 on Items 1 through 4 to ensure that Market Value of Assets for all employers balances to the total Market Value of IMRF. Miscellaneous adjustments are due to various items such as suspended annuity reserve, disability benefit reserve, death benefit reserve, supplemental benefit reserve, employers with no assets, etc.

SECTION C

CALCULATION OF THE SINGLE DISCOUNT RATE

CALCULATION OF THE SINGLE DISCOUNT RATE

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57%; and the resulting single discount rate is 7.49%.

The tables in this section provide background for the development of the single discount rate.

The **Projection of Contributions** table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

Expected Contributions are developed based on the following:

- Member Contributions for current members
- Normal Cost contributions for current members
- Unfunded Liability contributions for current and future members.

The **Projection of Plan Fiduciary Net Position** table shows the development of expected asset levels in future years.

The **Present Values of Projected Benefit Payments** table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

SINGLE DISCOUNT RATE DEVELOPMENT
PROJECTION OF CONTRIBUTIONS

Year	Payroll for Current Employees	Contributions from Current Employees	Normal Cost Contributions	UAL Contributions	Total Contributions
0	\$ 8,170,206				
1	8,065,607	\$ 362,952	\$ 567,996	\$ 314,685	\$ 1,245,633
2	7,460,005	335,700	515,698	69,741	921,140
3	6,960,438	313,220	476,316	80,038	869,574
4	6,527,470	293,736	447,337	91,497	832,570
5	6,134,457	276,051	420,403	104,254	800,708
6	5,768,482	259,582	394,174	118,468	772,224
7	5,422,943	244,032	369,484	122,615	736,131
8	5,101,774	229,580	346,078	126,906	702,565
9	4,808,998	216,405	324,782	131,348	672,535
10	4,507,792	202,851	303,095	135,945	641,890
11	4,210,800	189,486	281,030	140,703	611,220
12	3,946,535	177,594	261,823	145,628	585,044
13	3,692,367	166,157	243,123	150,725	560,005
14	3,441,388	154,862	225,228	148,131	528,221
15	3,220,444	144,920	209,486	145,581	499,987
16	3,016,289	135,733	195,006	143,076	473,814
17	2,805,462	126,246	180,259	140,613	447,118
18	2,603,005	117,135	166,214	138,193	421,543
19	2,414,401	108,648	153,210	135,815	397,673
20	2,237,402	100,683	141,088	133,477	375,248
21	2,072,219	93,250	129,641	131,180	354,071
22	1,912,979	86,084	118,727	128,922	333,733
23	1,763,886	79,375	108,420	126,703	314,499
24	1,630,886	73,390	99,272	124,523	297,184
25	1,510,576	67,976	90,896	122,380	281,252
26	1,402,082	63,094	83,252	120,273	266,619
27	1,298,271	58,422	76,054	118,203	252,680
28	1,191,741	53,628	68,746	116,169	238,544
29	1,082,914	48,731	61,391	114,170	224,292
30	982,493	44,212	54,721	112,205	211,137
31	895,142	40,281	48,965	110,273	199,520
32	803,479	36,157	43,071	108,376	187,604
33	672,418	30,259	35,377	106,510	172,146
34	498,039	22,412	26,004	104,677	153,093
35	336,065	15,123	17,748	102,876	135,746
36	240,608	10,827	13,066	101,105	124,998
37	163,759	7,369	9,088	99,365	115,822
38	95,982	4,319	5,499	97,655	107,473
39	70,354	3,166	4,324	95,974	103,465
40	50,854	2,288	3,161	94,322	99,772
41	33,080	1,489	2,132	92,699	96,320
42	24,012	1,081	1,669	91,104	93,854
43	17,630	793	1,261	89,536	91,590
44	12,877	579	931	87,994	89,505
45	9,681	436	702	86,480	87,618
46	6,418	289	469	84,992	85,749
47	3,585	161	261	83,529	83,951
48	2,013	91	146	82,091	82,327
49	1,042	47	76	80,678	80,801
50	847	38	62	79,290	79,390

**SINGLE DISCOUNT RATE DEVELOPMENT
PROJECTION OF CONTRIBUTIONS (CONCLUDED)**

Year	Payroll for Current Employees	Contributions from Current Employees	Normal Cost Contributions	UAL Contributions	Total Contributions
51	\$ 392	\$ 18	\$ 28	\$ 77,925	\$ 77,971
52	0	0	0	76,584	76,584
53	0	0	0	75,266	75,266
54	0	0	0	73,971	73,971
55	0	0	0	72,698	72,698
56	0	0	0	71,446	71,446
57	0	0	0	70,217	70,217
58	0	0	0	69,008	69,008
59	0	0	0	67,821	67,821
60	0	0	0	66,653	66,653
61	0	0	0	65,506	65,506
62	0	0	0	64,379	64,379
63	0	0	0	63,271	63,271
64	0	0	0	62,182	62,182
65	0	0	0	61,112	61,112
66	0	0	0	60,060	60,060
67	0	0	0	59,026	59,026
68	0	0	0	58,010	58,010
69	0	0	0	57,012	57,012
70	0	0	0	56,031	56,031
71	0	0	0	55,066	55,066
72	0	0	0	54,118	54,118
73	0	0	0	53,187	53,187
74	0	0	0	52,272	52,272
75	0	0	0	51,372	51,372
76	0	0	0	50,488	50,488
77	0	0	0	49,619	49,619
78	0	0	0	48,765	48,765
79	0	0	0	47,926	47,926
80	0	0	0	47,101	47,101
81	0	0	0	46,290	46,290
82	0	0	0	45,493	45,493
83	0	0	0	44,710	44,710
84	0	0	0	43,941	43,941
85	0	0	0	43,185	43,185
86	0	0	0	42,441	42,441
87	0	0	0	41,711	41,711
88	0	0	0	40,993	40,993
89	0	0	0	40,288	40,288
90	0	0	0	39,594	39,594
91	0	0	0	38,913	38,913
92	0	0	0	38,243	38,243
93	0	0	0	37,585	37,585
94	0	0	0	36,938	36,938
95	0	0	0	36,302	36,302
96	0	0	0	35,677	35,677
97	0	0	0	35,063	35,063
98	0	0	0	34,460	34,460
99	0	0	0	33,867	33,867
100	0	0	0	33,284	33,284

SINGLE DISCOUNT RATE DEVELOPMENT
PROJECTION OF PLAN FIDUCIARY NET POSITION

Year	Projected Beginning		Projected Total		Projected Benefit		Projected Investment		Projected Ending Plan	
	Plan Net Position		Contributions		Payments		Earnings at 7.50%		Net Position	
	(a)		(b)		(c)		(d)		(e)=(a)+(b)-(c)+(d)	
1	\$	38,359,852	\$	1,245,633	\$	2,006,918	\$	2,848,957	\$	40,447,524
2		40,447,524		921,140		2,158,414		2,988,005		42,198,254
3		42,198,254		869,574		2,299,544		3,112,215		43,880,499
4		43,880,499		832,570		2,446,881		3,231,595		45,497,784
5		45,497,784		800,708		2,613,814		3,345,571		47,030,250
6		47,030,250		772,224		2,837,291		3,451,229		48,416,412
7		48,416,412		736,131		3,019,963		3,547,135		49,679,716
8		49,679,716		702,565		3,178,528		3,634,809		50,838,560
9		50,838,560		672,535		3,326,173		3,715,180		51,900,102
10		51,900,102		641,890		3,484,468		3,787,838		52,845,363
11		52,845,363		611,220		3,639,470		3,851,896		53,669,008
12		53,669,008		585,044		3,787,688		3,907,248		54,373,612
13		54,373,612		560,005		3,963,998		3,952,679		54,922,298
14		54,922,298		528,221		4,101,051		3,987,613		55,337,082
15		55,337,082		499,987		4,216,819		4,013,420		55,633,671
16		55,633,671		473,814		4,328,475		4,030,589		55,809,599
17		55,809,599		447,118		4,460,523		4,037,938		55,834,132
18		55,834,132		421,543		4,579,994		4,034,437		55,710,117
19		55,710,117		397,673		4,670,515		4,020,924		55,458,199
20		55,458,199		375,248		4,743,159		3,998,529		55,088,818
21		55,088,818		354,071		4,807,338		3,967,683		54,603,233
22		54,603,233		333,733		4,865,502		3,928,373		53,999,838
23		53,999,838		314,499		4,905,912		3,880,923		53,289,347
24		53,289,347		297,184		4,927,070		3,826,219		52,485,680
25		52,485,680		281,252		4,927,350		3,765,347		51,604,929
26		51,604,929		266,619		4,916,052		3,699,168		50,654,664
27		50,654,664		252,680		4,899,974		3,627,977		49,635,347
28		49,635,347		238,544		4,877,529		3,551,834		48,548,195
29		48,548,195		224,292		4,852,991		3,470,676		47,390,172
30		47,390,172		211,137		4,814,738		3,384,749		46,171,321
31		46,171,321		199,520		4,754,461		3,295,127		44,911,507
32		44,911,507		187,604		4,712,139		3,201,760		43,588,732
33		43,588,732		172,146		4,692,782		3,102,696		42,170,791
34		42,170,791		153,093		4,669,787		2,996,495		40,650,593
35		40,650,593		135,746		4,627,713		2,883,391		39,042,017
36		39,042,017		124,998		4,533,999		2,765,803		37,398,819
37		37,398,819		115,822		4,451,908		2,645,248		35,707,981
38		35,707,981		107,473		4,345,291		2,522,053		33,992,216
39		33,992,216		103,465		4,196,388		2,398,706		32,297,999
40		32,297,999		99,772		4,053,957		2,276,749		30,620,563
41		30,620,563		96,320		3,906,200		2,156,255		28,966,937
42		28,966,937		93,854		3,749,272		2,037,920		27,349,439
43		27,349,439		91,590		3,592,909		1,922,282		25,770,402
44		25,770,402		89,505		3,436,257		1,809,546		24,233,195
45		24,233,195		87,618		3,280,583		1,699,918		22,740,148
46		22,740,148		85,749		3,128,472		1,593,472		21,290,897
47		21,290,897		83,951		2,977,947		1,490,254		19,887,155
48		19,887,155		82,327		2,830,281		1,390,351		18,529,553
49		18,529,553		80,801		2,684,672		1,293,837		17,219,519
50		17,219,519		79,390		2,542,145		1,200,780		15,957,545

SINGLE DISCOUNT RATE DEVELOPMENT
PROJECTION OF PLAN FIDUCIARY NET POSITION (CONCLUDED)

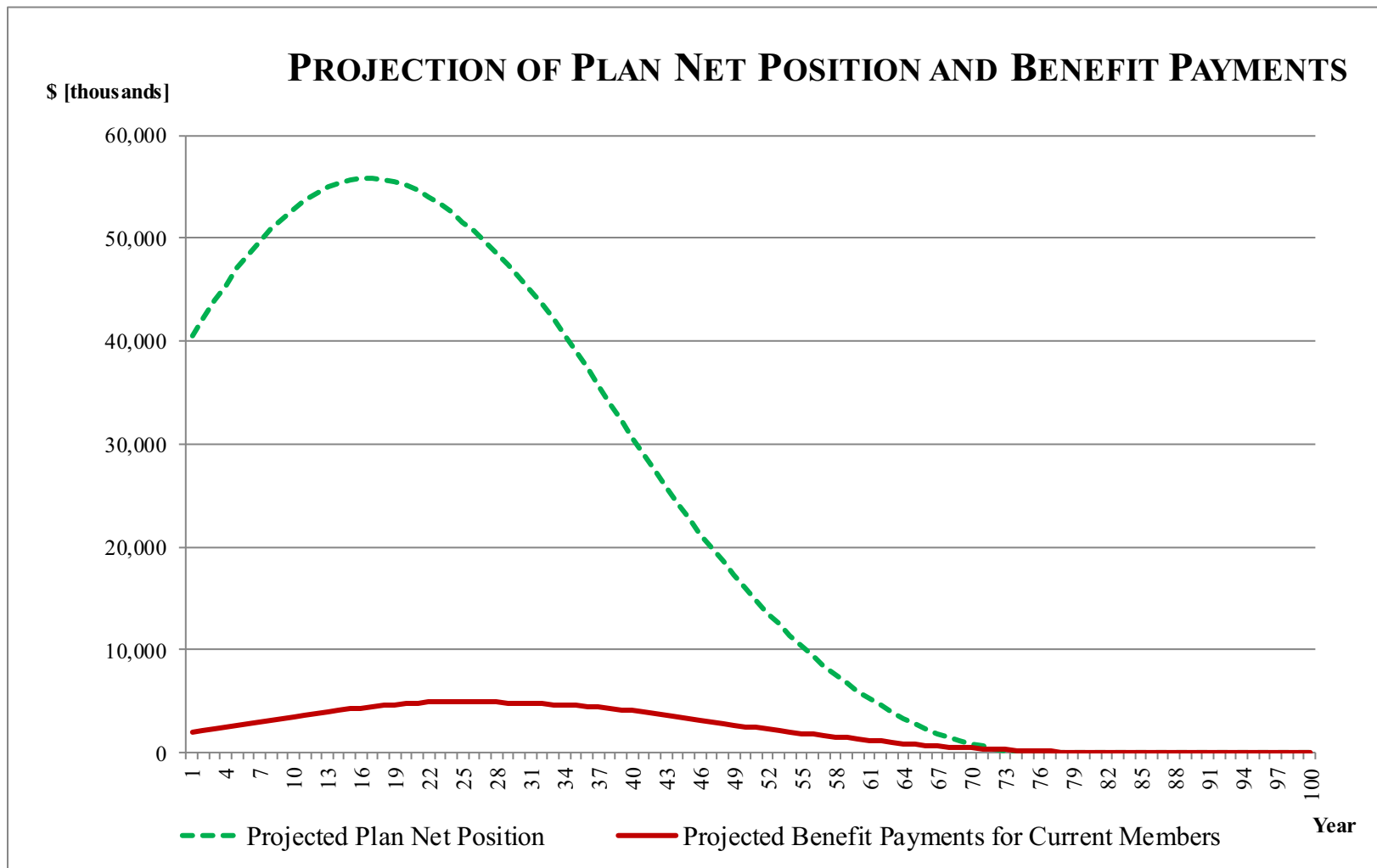
Year	Projected Beginning		Projected Total		Projected Benefit		Projected Investment		Projected Ending Plan	
	Plan	Net Position	Contributions		Payments		Earnings at 7.50%		Net Position	
	(a)	(b)	(c)	(d)	(e)=(a)+(b)-(c)+(d)					
51	\$	15,957,545	\$	77,971	\$	2,403,802	\$	1,111,174	\$	14,742,887
52		14,742,887		76,584		2,268,855		1,024,993		13,575,609
53		13,575,609		75,266		2,137,379		942,239		12,455,735
54		12,455,735		73,971		2,009,500		862,910		11,383,116
55		11,383,116		72,698		1,885,034		787,000		10,357,779
56		10,357,779		71,446		1,763,842		714,516		9,379,900
57		9,379,900		70,217		1,645,794		645,476		8,449,799
58		8,449,799		69,008		1,530,777		579,910		7,567,939
59		7,567,939		67,821		1,418,706		517,853		6,734,907
60		6,734,907		66,653		1,309,551		459,352		5,951,362
61		5,951,362		65,506		1,203,404		404,452		5,217,916
62		5,217,916		64,379		1,100,434		353,194		4,535,056
63		4,535,056		63,271		1,000,827		305,606		3,903,106
64		3,903,106		62,182		904,809		261,706		3,322,185
65		3,322,185		61,112		812,676		221,490		2,792,110
66		2,792,110		60,060		724,793		184,931		2,312,308
67		2,312,308		59,026		641,514		151,975		1,881,795
68		1,881,795		58,010		563,176		122,533		1,499,163
69		1,499,163		57,012		490,111		96,490		1,162,553
70		1,162,553		56,031		422,629		73,693		869,647
71		869,647		55,066		360,947		53,960		617,727
72		617,727		54,118		305,120		37,087		403,812
73		403,812		53,187		255,119		22,850		224,731
74		224,731		52,272		210,855		11,015		77,162
75		77,162		51,372		172,151		1,340		0
76		0		50,488		138,736		0		0
77		0		49,619		110,256		0		0
78		0		48,765		86,322		0		0
79		0		47,926		66,524		0		0
80		0		47,101		50,401		0		0
81		0		46,290		37,482		0		0
82		0		45,493		27,318		0		0
83		0		44,710		19,490		0		0
84		0		43,941		13,591		0		0
85		0		43,185		9,241		0		0
86		0		42,441		6,110		0		0
87		0		41,711		3,920		0		0
88		0		40,993		2,435		0		0
89		0		40,288		1,461		0		0
90		0		39,594		844		0		0
91		0		38,913		470		0		0
92		0		38,243		254		0		0
93		0		37,585		131		0		0
94		0		36,938		65		0		0
95		0		36,302		30		0		0
96		0		35,677		13		0		0
97		0		35,063		6		0		0
98		0		34,460		2		0		0
99		0		33,867		0		0		0
100		0		33,284		0		0		0

**SINGLE DISCOUNT RATE DEVELOPMENT
PRESENT VALUES OF PROJECTED BENEFITS**

Year	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf)	Present Value of Benefit Payments using Single Discount Rate (sdr)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v ^{(a)-.5}	(g)=(e)*vf ^{(a)-.5}	(h)=(c)/(1+sdr) ^{(a)-.5}
1	\$ 38,359,852	\$ 2,006,918	\$ 2,006,918	\$ 0	\$ 1,935,643	\$ 0	\$ 1,935,700
2	40,447,524	2,158,414	2,158,414	0	1,936,521	0	1,936,690
3	42,198,254	2,299,544	2,299,544	0	1,919,201	0	1,919,480
4	43,880,499	2,446,881	2,446,881	0	1,899,692	0	1,900,079
5	45,497,784	2,613,814	2,613,814	0	1,887,715	0	1,888,210
6	47,030,250	2,837,291	2,837,291	0	1,906,151	0	1,906,761
7	48,416,412	3,019,963	3,019,963	0	1,887,324	0	1,888,038
8	49,679,716	3,178,528	3,178,528	0	1,847,832	0	1,848,639
9	50,838,560	3,326,173	3,326,173	0	1,798,759	0	1,799,649
10	51,900,102	3,484,468	3,484,468	0	1,752,896	0	1,753,865
11	52,845,363	3,639,470	3,639,470	0	1,703,136	0	1,704,176
12	53,669,008	3,787,688	3,787,688	0	1,648,834	0	1,649,937
13	54,373,612	3,963,998	3,963,998	0	1,605,194	0	1,606,362
14	54,922,298	4,101,051	4,101,051	0	1,544,831	0	1,546,045
15	55,337,082	4,216,819	4,216,819	0	1,477,618	0	1,478,865
16	55,633,671	4,328,475	4,328,475	0	1,410,924	0	1,412,197
17	55,809,599	4,460,523	4,460,523	0	1,352,528	0	1,353,827
18	55,834,132	4,579,994	4,579,994	0	1,291,864	0	1,293,180
19	55,710,117	4,670,515	4,670,515	0	1,225,485	0	1,226,805
20	55,458,199	4,743,159	4,743,159	0	1,157,718	0	1,159,032
21	55,088,818	4,807,338	4,807,338	0	1,091,519	0	1,092,821
22	54,603,233	4,865,502	4,865,502	0	1,027,651	0	1,028,937
23	53,999,838	4,905,912	4,905,912	0	963,894	0	965,157
24	53,289,347	4,927,070	4,927,070	0	900,513	0	901,745
25	52,485,680	4,927,350	4,927,350	0	837,734	0	838,929
26	51,604,929	4,916,052	4,916,052	0	777,500	0	778,655
27	50,654,664	4,899,974	4,899,974	0	720,891	0	722,003
28	49,635,347	4,877,529	4,877,529	0	667,524	0	668,593
29	48,548,195	4,852,991	4,852,991	0	617,829	0	618,854
30	47,390,172	4,814,738	4,814,738	0	570,194	0	571,174
31	46,171,321	4,754,461	4,754,461	0	523,773	0	524,703
32	44,911,507	4,712,139	4,712,139	0	482,894	0	483,779
33	43,588,732	4,692,782	4,692,782	0	447,358	0	448,205
34	42,170,791	4,669,787	4,669,787	0	414,108	0	414,916
35	40,650,593	4,627,713	4,627,713	0	381,746	0	382,513
36	39,042,017	4,533,999	4,533,999	0	347,921	0	348,641
37	37,398,819	4,451,908	4,451,908	0	317,788	0	318,463
38	35,707,981	4,345,291	4,345,291	0	288,537	0	289,167
39	33,992,216	4,196,388	4,196,388	0	259,209	0	259,790
40	32,297,999	4,053,957	4,053,957	0	232,940	0	233,476
41	30,620,563	3,906,200	3,906,200	0	208,791	0	209,284
42	28,966,937	3,749,272	3,749,272	0	186,421	0	186,872
43	27,349,439	3,592,909	3,592,909	0	166,183	0	166,594
44	25,770,402	3,436,257	3,436,257	0	147,849	0	148,223
45	24,233,195	3,280,583	3,280,583	0	131,303	0	131,643
46	22,740,148	3,128,472	3,128,472	0	116,479	0	116,788
47	21,290,897	2,977,947	2,977,947	0	103,139	0	103,419
48	19,887,155	2,830,281	2,830,281	0	91,186	0	91,438
49	18,529,553	2,684,672	2,684,672	0	80,460	0	80,688
50	17,219,519	2,542,145	2,542,145	0	70,873	0	71,077

**SINGLE DISCOUNT RATE DEVELOPMENT
PRESENT VALUES OF PROJECTED BENEFITS (CONCLUDED)**

Year	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf)	Present Value of Benefit Payments using Single Discount Rate (sdr)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v ^{-(a)-.5}	(g)=(e)*vf ^{-(a)-.5}	(h)=(c)/(1+sdr) ^{-(a)-.5}
51	\$ 15,957,545	\$ 2,403,802	\$ 2,403,802	\$ 0	\$ 62,341	\$ 0	\$ 62,524
52	14,742,887	2,268,855	2,268,855	0	54,736	0	54,900
53	13,575,609	2,137,379	2,137,379	0	47,966	0	48,113
54	12,455,735	2,009,500	2,009,500	0	41,950	0	42,081
55	11,383,116	1,885,034	1,885,034	0	36,606	0	36,723
56	10,357,779	1,763,842	1,763,842	0	31,863	0	31,966
57	9,379,900	1,645,794	1,645,794	0	27,657	0	27,748
58	8,449,799	1,530,777	1,530,777	0	23,929	0	24,009
59	7,567,939	1,418,706	1,418,706	0	20,630	0	20,700
60	6,734,907	1,309,551	1,309,551	0	17,714	0	17,776
61	5,951,362	1,203,404	1,203,404	0	15,143	0	15,196
62	5,217,916	1,100,434	1,100,434	0	12,881	0	12,927
63	4,535,056	1,000,827	1,000,827	0	10,898	0	10,937
64	3,903,106	904,809	904,809	0	9,165	0	9,199
65	3,322,185	812,676	812,676	0	7,657	0	7,686
66	2,792,110	724,793	724,793	0	6,353	0	6,377
67	2,312,308	641,514	641,514	0	5,231	0	5,251
68	1,881,795	563,176	563,176	0	4,271	0	4,288
69	1,499,163	490,111	490,111	0	3,458	0	3,472
70	1,162,553	422,629	422,629	0	2,774	0	2,785
71	869,647	360,947	360,947	0	2,204	0	2,213
72	617,727	305,120	305,120	0	1,733	0	1,740
73	403,812	255,119	255,119	0	1,348	0	1,354
74	224,731	210,855	210,855	0	1,036	0	1,041
75	77,162	172,151	80,004	92,148	366	6,754	790
76	0	138,736	0	138,736	0	9,818	593
77	0	110,256	0	110,256	0	7,534	438
78	0	86,322	0	86,322	0	5,695	319
79	0	66,524	0	66,524	0	4,238	229
80	0	50,401	0	50,401	0	3,100	161
81	0	37,482	0	37,482	0	2,226	112
82	0	27,318	0	27,318	0	1,566	76
83	0	19,490	0	19,490	0	1,079	50
84	0	13,591	0	13,591	0	726	33
85	0	9,241	0	9,241	0	477	21
86	0	6,110	0	6,110	0	304	13
87	0	3,920	0	3,920	0	189	8
88	0	2,435	0	2,435	0	113	4
89	0	1,461	0	1,461	0	66	2
90	0	844	0	844	0	37	1
91	0	470	0	470	0	20	1
92	0	254	0	254	0	10	0
93	0	131	0	131	0	5	0
94	0	65	0	65	0	2	0
95	0	30	0	30	0	1	0
96	0	13	0	13	0	0	0
97	0	6	0	6	0	0	0
98	0	2	0	2	0	0	0
99	0	0	0	0	0	0	0
100	0	0	0	0	0	0	0
Totals	\$	46,813,981	\$	43,960	\$	46,857,941	



SECTION D

GLOSSARY OF TERMS

GLOSSARY OF TERMS

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

GLOSSARY OF TERMS (CONTINUED)

<i>Amortization Payment</i>	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
<i>Amortization Method</i>	The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be “open” (meaning, reset each year) or “closed” (the number of years remaining will decline each year).
<i>Cost-of-Living Adjustments</i>	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
<i>Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (cost-sharing pension plan)</i>	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
<i>Covered Valuation Payroll</i>	The earnings of covered employees for the year ended on the valuation date, which is typically only the pensionable pay and does not include pay above any pay cap. It is not necessarily the same as payroll actually paid because it excludes all pay for people who exited during the year.
<i>Deferred Inflows and Outflows</i>	The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.
<i>Discount Rate</i>	For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically: <ol style="list-style-type: none"> 1. The benefit payments to be made while the pension plans’ fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and 2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.
<i>Entry Age Actuarial Cost Method (EAN)</i>	The EAN is a funding method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit ages(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.

GLOSSARY OF TERMS (CONTINUED)

<i>GASB</i>	The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.
<i>Fiduciary Net Position</i>	The fiduciary net position is the value of the assets of the trust.
<i>Long-Term Expected Rate of Return</i>	The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.
<i>Money-Weighted Rate of Return</i>	The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 68, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.
<i>Multiple-Employer Defined Benefit Pension Plan</i>	A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
<i>Municipal Bond Rate</i>	The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.
<i>Net Pension Liability (NPL)</i>	The NPL is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan.
<i>Non-Employer Contribution Entities</i>	Non-employer contribution entities are entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of the GASB Accounting statement plan members are not considered non-employer contribution entities.
<i>Normal Cost</i>	The actuarial present value of the pension trust benefits allocated to the current year by the actuarial cost method.
<i>Other Postemployment Benefits (OPEB)</i>	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits regardless of the manner in which they are provided. Other post-employment benefits do not include termination benefits.
<i>Real Rate of Return</i>	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
<i>Service Cost</i>	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.

GLOSSARY OF TERMS (CONCLUDED)

<i>Total Pension Expense</i>	<p>The total pension expense is the sum of the following items that are recognized at the end of the employer's fiscal year:</p> <ol style="list-style-type: none">1. Service Cost;2. Interest on the Total Pension Liability;3. Current-Period Benefit Changes;4. Employee Contributions (made negative for addition here);5. Projected Earnings on Plan Investments (made negative for addition here);6. Pension Plan Administrative Expense;7. Other Changes in Plan Fiduciary Net Position;8. Recognition of Outflow (Inflow) of Resources due to Liabilities; and9. Recognition of Outflow (Inflow) of Resources due to Assets.
<i>Total Pension Liability (TPL)</i>	<p>The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.</p>
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	<p>The UAAL is the difference between actuarial accrued liability and valuation assets.</p>
<i>Valuation Assets</i>	<p>The valuation assets are the assets used in determining the unfunded liability of the plan. For purposes of the GASB Statement No. 68, the valuation asset is equal to the market value of assets.</p>